Britain Asks If Major Can Survive Until End of Term

By John Darnton

New York Times Service

LONDON — John Major's authority
has been so devastated by his stunning
defeat in Parliament on Tuesday night that
people both inside and outside the Conservative Party were woodering Wednesday if
the prime minister could survive another
two and a half years. two and a half years.

The defeat, which came on the government's plan to slap a hefty tax increase on home heating fuel and electricity, was being compared to the poll tax, the issue that hrought down Mr. Major's predecessor, Margaret Thatcher.

But Mrs. Thatcher managed to push through the poll tax, which raised revenues

NEWS ANALYSIS

for localities by head and was effectively scrapped only after she resigned four years ago. Mr. Major did oot get that far. The additional value-added tax on fuel was turned back on a procedural amendment, 319 to 311,

What stopped him was a rebellion among the back-benchers in his own Tory party. Divisions and bitterness in the party now run so deep that Mr. Major is hard put to sponsor any bill with even a hint of discord to it. Already the government has backed away from what was to have been its showcase legislation this year - privatizing the post office.

The divisions initially cropped up over the issue of closer ties to Europe, a course that the government is committed to in a lukewarm way but that is vociferously opposed by two dozen or so Conservative members of Parliament, By oow the rent is so big that it encompasses everything from personal grudges and recriminations to doubts about Mr. Major's leadership.

The full dimension of his defeat was spelled out in headlines in Wednesday's newspapers and the crowing epitaphs of opposition leaders. The government, said from Blair, the new and popular Labor head, is "in disarray, discredited, no longer in control of events" and "terminally inca-

pable of asserting its authority."
What makes these pronouncements different from those of the past is that there is tied tax increase, to 17.5 percent from 8 percent, had been agreed upon two years ago and approved by the House of Commons four times already. All in all it was a perfunctory bit of budgetary husiness, hardly worthy of sparking a rebellion. Not since the Labor government of the late

See TORIES, Page 4



Bosnian Croats entering Celebic, southwest Bosnia, on Wednesday, after Serbs apparently abandoned the village.

U.S. Army Readiness Slips in Europe

By Rick Atkinson Washington Post Service

HEIDELBERG, Germany — The combat readiness of the U.S. Army in Europe has substantially eroded in the last two years because \$300 million was diverted from training funds to pay quality-of-life expenses, the army's European commander in chief disclosed in an interview this

General David M. Maddox, who commands the 72,000 U.S. soldiers still based in Europe, said his two major combat units, the 1st Armored Division and the 3rd Infantry Division, had both slipped from C-1 to C-2 on the four-step scale the measure fitness to fight.

"I have consistently diverted mooey from training because I have been consistently underfunded in taking care of my soldiers," General Maddox said in an interview as his Heiderberg beadquarters. "The diversion of that money from

ng to quality-of-life is my fault. I did 🔝 JOWard deploye on. You've got to get the trash picked up. You have to pay the utility bills."

"I did oot have the money to do that, and I diverted it," he said. "Am I proud of it? Absolutely not."

The disclosure comes less than a month

U.S. Army uses in an effort to objectively after Defense Secretary William J. Perry acknowledged that three stateside divi-sions — identified by army officers as the lst Infantry, 4th Infantry and 2nd Armored — had slipped to C-3, indicating significant fighting deficiencies and vul-

Bot the army has loog reied to keep its i units in Germany, Koit. Bot you need to be able to turn the lights rea, Hawaii and Alaska ready to undertake full wartime missions; General Maddox's admission implies the strains now felt by a military caught between a contracting Defense Department budget and a relentless string of deployments to Somalia, Mac-

See ARMY, Page 4

Bosnia Dead End: Fury and Blame

Assailing U.S., France Asks UN And NATO for Pullout Plan

By Roger Cohen New York Times Service

ZAGREB, Croatia — Decouncing America for contributing to what he called the "total dead end in Bosnia," Foreign Minister Alain Juppé of France said Wednesday that Paris had asked the Unit-ed Nations and NATO to draw up detailed plans for the withdrawal of peacekeepers

"I say today that the the obstinacy of some and the demagogy of others risks setting the Balkans ablaze tomorrow," Mr. Juppe told the French National Assembly. "I am still ready to do everything I can to prevent such a development but my duty, alas, is to say that it is oo longer improba-

In a clear allusion to the United States, he criticized governments "which teach us lessons daily and have not lifted a little finger to put even one man on the ground." His statement reflected widespread exasperation at the failure of international

mediation efforts, Serbian humiliation of UN peacekeepers and the way the counter-attack by the Scrbs on the Muslim enclave of Bihac has exposed NATO threats and UN resolutions as empty.
NATO and the United Nations have in

fact been involved in detailed planning for a withdrawal of the 23,000 peacekeepers in Bosnia for several mooths. Indeed the chief of staff of United Nations forces here, Brigadier General Roy Ratazzi, has worked oo little else since August.

Thus Mr. Juppe's statement appeared to be aimed primarily at conveying a strong message to the warring parties in Bosnia that the time for a settlement was running

The Muslim-led Bosnian government would be deeply worried by a withdrawal because it would remove an important buffer against the Serbs. The Serbs would be less concerned but know that a United Nations withdrawal would leave them more exposed to eventual Western military

"If the pack up and take their weapons with them and don't leave them in the hands of the Muslims, the United Nations peacekeepers will be allowed to leave Bosnia," the Bosnian Serbian leader, Radovan Karadzic, said Wednesday.

A complete withdrawal would require a decision from the UN Security Council that does not appear imminent. It would almost certainly lead to the collapse into Serhian hands of the remaining Muslim enclaves — Srebrenica, Zepa and Gorazde in eastern Bosnia, and Bihac in the west. In its repeated acidity over American diplomacy in Bosnia, Mr. Juppe's speech also seemed aimed at passing blame to the Clinton administration for what would amount to a major embarrassment to the

British and French governments. Because it is not an intercootinental threat and because West European govern-ments initially thought they could solve the conflict alone, Bosnia has repeatedly put the United States and Europe at odds, within NATO and outside.

"We have asked the United Nations and NATO to plan in detail the withdrawal of

Defense Secretary Perry denies that the United States has lost credibility. Page 4.

United Nations peacekeepers," Mr. Juppe said. "This is a high-risk operation that will require reinforcing troops on the ground first."

Current planning calls for those reinforcements to include American troops among an estimated two NATO divisions -or over 20,000 soldiers - that would be used to protect and transport the peace-keepers in a high-risk operation. The Clinton administration has indicated willingoess to take part.

NATO on Wednesday formally asked member states how many troops they would contribute to such a Bosnian evacuation. Foreign Minister Douglas Hurd said Britain hoped its troops could stay in Bosnia, hut planning for a withdrawal was constantly updated.

In practice, several ideas exist for a Bosnian withdrawal. It could involve only some countries — for example troops from European Union nations - and it could be limited to certain areas of Bosnia.

Bot any move will be highly sensitive politically, especially as several Islamic countries, including Iran, are lining up to replace nations that pull out. A meeting this week of the 52-nation Organization of the Islamic Conference in Geneva, attended by the Bosnian president, Alija Izethe-govic, produced pledges of up to 20,000 oew troops.

Moreover, the mission is oot without its successes that could be endangered by withdrawal. In central Bosnia, for example, where peace exists between the Muslim and Croatian forces who were killing cach other in 1993, the United Nations presence is clearly achieving something.

Proving Rape:

War Tribunal

By Marlise Simons

Vexing Task for

Woes in Unmerry Windsor Wildcat Oil Drilling Plan Near Castle Only Adds to Royal Family's Troubles

By Erik Ipsen

LONDON - What has been yet another annus horribilis for the House of Windsor lurched deeper into the danger zone on Wednesday as a leaked document suggested that hundreds of royal staffers and courtiers were living the high life rent free in several royal palaces

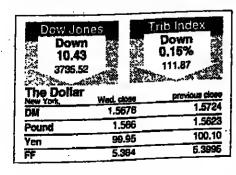
That unwelcome oews came as public opposition mounted to Queen Elizabeth's surprising decision to allow wildcatters to drill for oil oear the walls of Windsor "Nearly two out of three courtiers and

staff of the royal household are living rent free in five palaces maintained by the taxpayer for the queen," the Guardian news-paper reported at the top of its front page Wednesday. For the Labor Party, whose leader, Tony Blair, had only days ago stirred up contro-

versy by calling for a radically smaller,

Scandinavian-style monarchy, the news was a godsend. "Plainly, stories like this emphasize the pend to have a debate on the relationship between the monarch and the state through the Treasury," a Labor spokes-

L. S. S. Still. While politiciens debated the ficer points of constitutional reform, residents of Windsor furned. Last week, the borough



Newsstand Prices Andorra9.00 FF Luxembourg 60 L. Fr Antilles.....11.20 FF Morocco.........12 Dh Carreroon...1.400 CFA Qatar8.00 Riols Egypt.....E.P. 5000 Réunion....11.20 FF Fronce......9.00 FF Soudi Arabia ...9.00 R. Gabon......960 CFA Senegal.....960 CFA

council voted unanimously against the planned exploratory oil well.

"It is something that in visual terms should oot happen," said John Colby, director of planning for the royal borough of Windsor and Maidenhead. He called it

At beleaguered Buckingham Palace, a and promptly ducked. Fill Middleburgh noted that before the queen's approval, the government had stacked the cards by granting its approval. "Maybe it was a bit insensitive for the government to give the license in the first place," she said.

It is oow up to the county government to approve or reject the proposed exploratory well, whose reserves are estimated at as high as 100 million barrels. Experts estimate that the deposit beneath the castle

See OUEEN, Page 4



CLAUS CLASS - Some of the 450 students dressed as Santa Claus sitting in the conference hall of Berlin's Free University on Wednesday. Each year the students organize a rent-a-Santa service at Christmastime.

Kiosk

Moscow vs. 'Mr. No'

MOSCOW (Reuters) - Foreign Minister Andrei V. Kozyrev said Wednesday that the UN Security Council should stop acting as "Mr. No" over easing sanctions against Iraq. "We think the Security Council should shift from the position of 'Mr. No' to a more flexible and diplomatic position," Mr. Kozyrev told reporters after talks with the Iraqi deputy prime minister, Tariq Aziz.

Correction

In Wednesday's editions, the International Herald Tribune incorrectly reported verdicts in the Paris trial of suspects in the killing of Shahpur Bakhtiar, Iran's former prime minister. The correct verdicts are: Zeynol Abedin Sarhadi, 28, an archivist at the Iranian Embassy in Bern, was acquitted and Massoud Hendi, 47, a businessman, was sentenced to 10 years in prison. Another defendant, Ali Vakili Rad, 35, was given a life sentence and ordered to serve at least 18 years. The IHT regrets the errors.

A California County's Financial Tremors Shake Wall Street

By Lawrence Malkin tional Herald Tribune

NEW YORK — Orange County has numerous claims to fame. The fast-growing suburban county south of Los Angeles prospered mightily on government defense contracts but votes overwhelmingly for free-enterprise politicians. Its freewheeling financial institutions helped spawn the securities houses refused to roll over its

loans and started taking possession of bonds they held as collateral, Orange County made history: Following disastrous losses in its investment fund, it sought protection in the largest municipal

savings and loan crisis of the 1980s. It is also the home of Disneyland.

And Tuesday afternoon, after American

And Tuesday afternoon, after American

bankruptcy filing in American history to prevent Wall Street from making a run at the rest of its \$7 billion in assets.

Wall Street and foreign investors fled to the safety of Treasury bonds, wondering whether the over-leveraged California county would prove the epicenter of an international financial earthquake like the bankruptcy of Mexico in 1982 or

New York City's bond bailout in 1975. Not very likely, said money market analysts. Bot they also warned that the un-winding in credit markets, courts, and municipal rating agencies would be long and messy, a slow-motion readjustment of the

See ORANGE, Page 3

THE HAGUE - In a well-guarded modern building here, stacks of folders stand as silent testimooy to a rampage against women, telling of the large-scale and organized rape that soldiers inflicted during the Serbian "ethnic cleansing" of Bosnia-Herzegovina.

Evidence of the magnitude of the abuse was so shocking that it persuaded the United Nations to identify systemator rape as a weapon of war and to include it among the crimes to be tried by the international

Yet, 18 mooths after the Yugoslav War Crimes Tribunal was established, it is proving difficult to turn the horror stories recounted mainly by Muslim girls and women into prosecution cases. Indeed, so far the tribunal has indicted just one man and his case does not include sexual abuse.

Last year, a team of European Community investigators calculated that, in 1992, some 20,000 Muslim women and girls, some as young as 10 years old, were raped by Bosnian Serbian soldiers as part of a deliberate strategy to terrorize people, drive them from their homes, and shatter communities in Bosnia-Herzegovina, Other estimates are much higher. Many women told investigators they were raped in front of their husbands, parents, or children, while many others said they were kind that predictably follows when market held in women's camps where they were

See RAPE, Page 4

How Many Bottles of Beer on the Wall? At College, Too Many to Count

By Christopher B. Daly

Washington Post Service BOSTON - Nearly half the college students in America are binge drinkers who cause an array of 'second-hand" problems on campus ranging from vandalism to rape to fatal accidents, according to an

extensive study. The findings, culled from a survey of 17,592 students, present a picture of U.S. college campuses awash in beer, where a projected 3 million students go on drinking sprees even though most are too young to drink legally. On some campuses, the rate of binge drinking soured to 70 percent of the student body, and

fraternities and sororities had still higher rates. At 8 press conference announcing the study, which appeared Tuesday in the Journal of the American Medical Association, the researcher, Henry Wechsler, said 50 percent of male students and 39 percent of female students were binge drinkers.

"Beer is the drug of choice on American college campuses today," said Mr. Wechsler, director of the Alcohol Studies Program at the Harvard School of Public Health. He said college administrators and students themselves must make drunkenness unac-

Mr. Wechsler was joined by Representative Joseph P. Kennedy, a Massachusetts Democrat, who has long sought legislation to require health warning labels on alcoholic beverage advertising. Mr. Kennedy de-nounced the brewing industry for spending billions on advertising aimed at encouraging youngsters to drink.

Mr. Kennedy, whose congressional district includes Harvard, MIT and roughly 30 other colleges and universities with a total of nearly 250,000 students, said the alcoholic beverage industry should no longer be allowed to deduct the cost of advertising from its taxable income. He called on colleges to reject industry-sponsored events.

Industry spokesmen disputed Mr. Kennedy's remarks and defended their practices.

"We are for responsible drinking, period," said Kirsten Fedewa, vice president of the Beer Institute, a trade association of brewers.

The Harvard study was conducted by assembling a data base of 25,627 students at 140 four-year colleges in 40 states and the District of Columbia. The schools

and the students were selected to be representative of all colleges, and students were asked to complete a 20page questionnaire. About 69 percent complied.

Researchers defined "binge" drinking as the consumption of five or more drinks in a row for men and four or more drinks for women. Mr. Wechsler said the lower figure was adopted for women because other studies indicate that women experience the same effects of alcohol at lower levels than men.

Overall, the study found that about 16 percent of all students reported having had no alcoholic drinks in the previous year. Forty percent said they drank but did not binge. The remaining 44 percent said they had had enough drinks to meet the "binge" definition, and half of those said they were frequent binge drinkers.

By Alan Cowell
New York Times Service

ROME — As investigators said that Italy's corruption inquiries would not ease after the resignation of a top magistrate, signs began to emerge Wednesday that the nation's erstwhile political practices were reviving.

One day after the resignation of Antonio Di Pietro, the Milan magistrate who became a national hero for his crusade against corruption, a small but influential parliamentary panel recommended that an inquiry against a former Christian Democrat Prime Minister, Ciriaco De Mita, be dropped.

The 23-member Senate committee on parliamentary immunity was acting under laws stipulating that cases involving ministers and former ministers must be reviewed at a high level before magistrates are allowed to proceed against them.

Magistrates in Naples had sought a ruling on whether they could pursue investigations into purported fraud, extortion and misuse of public office relating to the diversion of government funds after a major earthquake in 1980 in the

Down From Dusty Attic,

Fresh Van Gogh Flowers

AMSTERDAM — A French flea market purchase has been identified as a previously unknown flower still life by Vincent Van Gogh, the Van Gogh Museum announced

"It's never been seen by the public, never touched by professionals," said Rianne Norhart, a museum spokeswom-

The oil shows a brilliantly colored autumn bouquet with

asters and other flowers in a blue vase against a red-brown

The 58-by-43.5 centimeter (23.2-by-17.4 inch) painting will be on exhibit at the museum through Dec. 31, and then returned to the owner, whose name has been withheld from

The owner bought the painting at a flea market in France after World War II but did not recognize the signature

Vincent" in red in the lower right corner, according to Miss

It had gathered dust in an attic for decades before the

owner hrought it to a Van Gogh specialist, Walter Feilchen-

Irpinia region near Naples, Mr. De Mita's political base. The case involved bribes said to have as the most prominent figure in the country's been paid on contracts for a factory.

While the panel ruled in favor of blocking the inquiries into Mr. De Mita, it recommended that a similar investigation proceed against his brother Michele and 17 other people.

Committee officials were not available Wednesday night to explain the reasons for the recommendation, which must now be approved by the full Senate. It came as many commentators said that Mr. Di Pietro's departure Tuesday showed that Italy's professed revolution had died and that its moves away from a corrupt past had been brought to a halt.

"The sheriff has been disarmed," said the broadcaster and author Enzo Biagi. "The cattle-rustlers rejoice. And in the saloon the party can "We are bere, as they say, at battle stations, start all over again."

"In the great duel, politics has won," com-mented Ezio Mauro in the newspaper La Stampa. "Antonio Di Pietro has sacrificed himself on Italy's great, true altar: the impossibility

By Arafat

By Elaine Sciolino

New York Times Service

troops and civilians.

House lawn 14 months ago.

mani pulite (clean hands) inquiries. He said that political maneuvering had made his work impossible and that he wished to "depersonalize" inquiries that have been depicted as open war between himself and Prime Minister Silvio

Mr. Berlusconi himself is under investigation by the Milan magistrates, who say they want to find out whether he knew of bribes purportedly paid by his huge Fininvest empire to the tax

While such inquiries will most likely continue, many commentators said it was difficult to see

today as yesterday, with a renewed sense of duty and enthusiasm," said Francesco Saverio Borrelli, the head of the Milan anti-corruption magistrates, who accepted Mr. Di Pietro's resigna-tion. "We will do everything possible to keep up the rhythm of the investigation," he said.

would inevitably proceed more slowly, as Mr. Mauro wrote in La Stampa, "without him as the motor and brain, without the almost physical energy with which he dragged the inquiries

Since the inquiries began in February 1992, thousands of politicians and husinessmen have been questioned and more than 700 have been sent for trial in connection with bribes paid in return for government contracts.

■ Thousands Rally to Ask Judge's Return

Some rallied outside La Scala on opening night; others joined candlelight vigils or signed petitions. In all, thousands of Italians turned out Wednesday from north to south to try to urge Mr. Di Pietro to come back and lead the nation's inquiries of political corruption, The Associated

Press reported from Rome. Many of the rallies were organized by leftist parties, including the former Communists, whose ranks were relatively unscathed by the

WORLD BRIEFS

West Appeals for Leniency for Kurds

ANKARA (Reuters) — With only a day to go before a Turkish court rules in the cases of eight Kurdish legislators facing the death penalty for treason, pressures mounted on Ankara on Wednesday to be lenient or risk damaging ties with the West.

President François Mitterrand of France launched a lass-minute appeal to European Union partners on Wednesday to urge Turkey to avoid death sentences for the Kurds, who have been stripped of their parliamentary immunity, the Anatolian news

In Washington, a State Department spokeswoman. Christine Shelly, said the Kurds were on trial for "expressing their dwn thoughts." She added: "We have repeatedly expressed to the Turkish government our deep concern over the trials and their implication for democracy and freedom of expression in Turkey."

Weak' Case Against Collor Opens

BRASILIA (Reuters) — Former President Fernando Collor de Mello of Brazil went on trial Wednesday for corruption amid reports that the case against him was weak.

Mr. Collor, 45, faces one count of passive corruption stemming from an alleged multimillion-dollar influence-peddling scheme. He could be sentenced to eight years in prison if found guilty.

Media reports speculated that prosecutors lacked enough proof to convict Mr. Collor despite two years of investigation and more than 60,000 pages of evidence. "The indictment is very weak and the final charges do not support the hypotheses presented at the

start of the document," an unnamed Supreme Court justice told

Mexico President Pleads for Peace

the Gazeta Mercantil newspaper.

MEXICO CITY (AP) — Facing a guerrilla "nightmare," President Ernesto Zedillo pleaded with Indian rebels in southera. Mexico on Wednesday to reconsider their rejection of new peace talks with the government.

Confronting the first crisis of his new presidency, Mr. Zedillo said he would not budge from his stand that negotiations are the only solution to the armed Mayan uprising in southern Chiapas state, launched last Jan. I.

"Mexicans are worried about violence, we worry about poverty and injustice that are the root of the problems," Mr. Zedilo said in a breakfast speech at the Mexican Senate. "But we have to recognize that to have justice and peace, the only path is negotias.

Clan Fighting Resumes in Somalia

MOGADISHU, Somalia (Reuters) - Indian warships steamed into Kismayu Wednesday to cover the withdrawal of the last 859 Indian UN troops, but fighting between rival Somali clans empt-ed even before the soldiers could leave.

Somali staff of the aid agency Doctors Without Borders said the clashes broke out in the center of the port city, widely seen by UN officials as a likely flashpoint for renewed civil war.

In Mogadishu, the capital, the order for the 15,000-member United Nations force to leave Somalia came too late for one Entertian peacekeeper killed by a stray bullet fixed by fending

Egyptian peacekeeper, killed by a stray bullet fired by feuding militias, a UN spokesman said. An Indian warrant officer was-injured by a stray round at Mogadishu airport. Some 131 peace-keepers have died in the bloodiest UN mission of its kind.

300 Hurt During Bangladesh Strikes

DHAKA, Bangladesh (AP) — Clashes between political groups and the police left at least 310 people injured Wednesday during an anti-government strike that paralyzed major cities.

The dawn-to-dusk strike escalated the opposition's nine-month campaign to unseat Prime Minister Khalida Zia and force early

Opposition parties resorted to strikes after international and local mediation efforts failed. The opposition accuses Begum Zia's government of vote fraud, corruption and inefficiency. The prime minister has rejected opposition demands that she resign by Design 27, and the opposition has rejected her offer to share power in an interim government until elections in 1996.



Yasser Arafat and Secretary of State Christopher after their talks in Gaza.

French Senate Rejects Press Gag Law had been adopted by the Na-

BREITLING

ate's law committee on Wednesday killed an amend- sion Nov. 21. ment to anti-corruption legisla-

feldt, in Zurich last year.

background.

corruption scandals. The amendment, denounced by journalists as self-serving, protected by privacy laws.

PARIS - The French Sen- tional Assembly during a

tion that would have sharply complaints that details of inves-curtailed media coverage of tigations often are leaked to the tigations often are leaked to the press in preliminary stages when suspects are theoretically

sparsely attended late-night ses-It was drafted in response to

rule in the territories that they will be allowed to control. In a joint news conference with Mr. Christopber after their hourlong meeting, Mr. Arafat made clear to those Palestinian extremists who carry out terrorist acts that only the political organization that governs in his

name is in charge. "We are proud of our democracy," Mr. Arafat said. "But everybody has to understand that there is one authority. It is the Palestine National Authority in the Palestinian territories and everybody has to respect the

knowledged he understood that unless Israel felt secure, the troops would not withdraw and Christopher and Mr. Arafat the elections would not take was dramatically better than

we are putting into consider-ation the needs of security for the Israelis and we are ready to discuss it in detail with them."

A total of 94 Israelis have been killed by militant Palestinians since the agreement was signed in September 1993.

The atmosphere at Wednesday's meeting hetween Mr. when they met at the seat of "We are looking to have very Palestinian rule in Gaza last quickly the elections," Mr. Ara- July. During that meeting, Mr.

get his financial house in order. curb Palestinian violence.

On Wednesday, hy contrast, Ar. Christopher praised Mr. Israel's history can reasonably expect Israel to move toward Mr. Christopher praised Mr. recent months, which have convinced donor states to send committed funds and pledge

The question that Palestinian leaders pose is this: If the forces Prime Minister Yitzhak Rabin fat said. "But at the same time, Arafat angered the Israelis of the Israeli Army cannot stop of Israel.

when he asserted that they had terrorism in the occupied terriusurped his role by inviting tories, how can they? But the King Hussem of Jordan to Jeru- Declaration of Principles salem and he frustrated his signed by the Israelis and Pales-American visitors by failing to tinians requires Mr. Arafat to

"No one who is familiar with the objective without insuring that their security remains a constant companion" of the peace efforts, Mr. Christopher said following a meeting Wednesday morning with

TRAVEL UPDATE

Liner Makes British Port After Alert

LONDON (Reuters) — The British docked safely at Southampton on Wednesday after a major alert overnight when its engines failed in fierce weather and rough seas, the coast guard said.

Helicopter rescue crews in England and Belgium and lifeboat teams prepared for a large-scale rescue before the liner, with more than 2,400 people aboard, limped into port Wednesday morning. The captain had radioed for assistance when both engines failed. Coast guard spokesmen said the crew managed to restart the engines after repairing a fuel problem.

The 49,073-ton ship had drifted for more than an hour in severe

gales before it managed to drop two anchors and bold a position about three miles from the Isle of Wight. While there was no immediate danger to those aboard, rescuers feared a disaster if the Canberra had foundered.

Hungarian rail workers will strike for two hours Thursday, at 5 is not at all clear he would win. A.M., to demand higher raises than offered by the government He remains deeply unpopular and to protest threats of layoffs, union leaders said Wednesday. in Russia, not least among

> Shanghai on Wednesday opened an elevated circular highway that is intended to ease traffie congestion in China's largest city. Thousands of people lined the 48-kilometer (30-mile) route to watch a motorcade of taxis and huses decorated with ribbons and silk bows perform a lap of honor.

Outraged by press photographs of naked bathers, a Brazilian judge has ordered the army to arrest anyone found unclothed at Abrico Beach, a newly inaugurated nudist beach near Rio de Janeiro, Brazilian newspapers reported Wednesday. (Reuters)

Wait, Gorbachev Says, Until I'm in 'Yeltsin's Shoes' If Mr. Gorhachev did run, it

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INSTRUMENTS FOR PROFESSIONALS

DUBAL United Arab Emirates - Mikhail S. Gorbachev, the former Soviet president, made it clear Wednesday that he wants to replace Boris N. ference about running in 1996.

Yeltsin as the Russian presi-Your Studio or

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dent, possibly in 1996 elections.
"I pay a lot of attention to that subject, and I cannot ex-clude that," Mr. Gorbachev

said when asked at a news con-Asked how he would differ from Mr. Yeltsin, he said: "You will learn that when I will be in

Mr. Gorbachev, in the United Arab Emirates for a conference on information technology, resigned as president of the

Soviet Union as it broke up in 1991.

Once allied with Mr. Yeltsin. Mr. Gorbachev has subsequently been sharply critical of his those who remember his Draco-policies, which he said Wednes- nian anti-alcohol laws, which day were not "a continuation of have been scrapped.
my reforms."

He said that new democratie reforms would underlie his program and that be still adhered to principles he had promoted as leader, including freedom of choice and a mixed economy.

Some Russians yearn for a return to communism, but Mr. Gorbachev said through an interpreter: "I don't believe they

are the people to whom the fu-

Chechens Brace for War After Russia Turns Tough

ture of Russia belongs.

GROZNY, Russia - The defiant people of separatist

Chechnya prepared for war on Wednesday, after Russia abruptly ordered them to abandon their three-year claim to independence and obey federal law or face the consequences. Chechen television broadcast

advice is to take enough food statement by the service, pub-and water to last three days," an lished by RIA news agency.

Tension reached a new peak by evening, when Russia's counterintelligence service accused the leader of the region of endangering Russia's vital interests and blamed him for thousands deaths. thousands deaths.

The situation in Chechnya instructions to the tiny mounhas become extremely dangertain region on how to survive a Russian invasion by equipping cellars as air raid shelters. "My ous for Russia's vital interests his conscience there are crimes and its national security," said a in Abkhazia, Karabakh and

The statement accused Presi-

terrorism.

"Dudayev's bloody trail goes outside Chechnya," it said. "On

other 'hot spots.' Hundreds and thousands have been killed." The statement followed an angry demand by President Boris N. Yeltsin's Security Council that Chechnya bow down

before Russian law. Russia has been building up troops on the borders with Chechnya since a failed attempt by the anti-Dudayev local opposition, backed hy Moscow, to seize Grozny late last month. The Security Council issued

abrupt volte-face, after the high tension of recent days appeared to have dissipated in positive talks on Tuesday between the Russian defense minister, Pavel

S. Grachev, and General Du-The council statement denied there was any conflict between Chechnya and Moscow and

said the problem was a struggle for power inside Chechnya. (Reuters, AP)

172-1022

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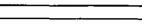
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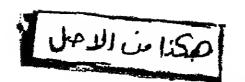
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THE AMERICAS / SECLEAR SEC

Republicans Act Fast to Starve Special-Interest Groups

By Katharine Q. Seelye
New York Times Service

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WASHINGTON — The Republicans have begun making good on their pledge to sweep Congress clean, whisking away financing for a cherished if little-known institution in the House — the caucuses — and suggesting they might even be able to sell off a government building in

The conference has begun a process of voting and eliminate potential voices of opposition.

It was the most eye-catching of the actions the to shrink the size of Congress, to shrink the size of the legislative staff," said Representative Newt Gingrich, whom Republicans have selected to be speaker of the House.

There are 140 caucuses - special-interest groups formed by members to lobby each other but 28 of them, known as Legislative Service Organizations, get taxpayer money and occupy

Capitol Hill offices. These 28 include the Coning Office, which has nearly 5,000 workers, by a and, at a time when Congress should be focusing gressional Black Caucus, the Congressional Cau-cus for Women's Issues and the Democratic Study Group, which bave dozens of members and frequently influence legislation.

The Republicans agreed by voice vote to bar financing for these organizations in a move that drew criticism from Democrats as a political maneuver by Mr. Gingrich to consolidate power

Republicans took Tuesday as they set about reorganizing the two chambers and their various functions. At the other end of the Capitol, Senate Republicans promoted their own Gingrich-style budget cuts, including a proposal to abolish the 143-employee Congressional Office of Technology Assessment and to cut the General Accountquarter to a half.

House Republicans said that cutting the caucuses alone would abolish 96 staff jobs and free 16 House offices for other uses. But they balked at an even more sweeping change that would bave reduced lawmakers' personal staffs to 16 permanent positions from 18; the reduction would have wiped out at least 870 jobs.

The whole point of the last election, Mr. Gingrich said, was "less government, less spending in Washington." To that end, the Republicans also adopted a resolution urging that Congress self "at least one" of its office buildings.

Critics argue that the House's 28 Legislative

Service Organizations (the Senate has no comparable organizations) are tools of outside lobbyists, use public money with no accountability

on the big picture, foster petty divisions.

Mr. Gingrich said the lack of audits and ac-

countability meant that some groups were "scandals waiting to explode."

Some on Capitol Hill say the Republicans' real

motive is political: to weaken groups like the black and women's caucuses. The caucuses provide platforms to members outside committees and frequently offer dissenting views.

Mr. Gingrich rejected any notion that doing

away with caucuses would have a disproportionate effect on minorities and other groups that lack broad House representation.

He emphasized that groups like the black caucus remain free to meet on Capitol Hill. Republican groups would now bave to operate under those same constraints, be said,

ics just changed with the resig-

nation of the administration's most grizzled Capitol Hill hand,

Treasury Secretary Lloyd Bent-

On Monday, the Progressive

Policy Institute, the policy arm

of the Democratic Leadership

Council, issued its own 10-point

alternative to the Republicans'

"Contract With America," in-

cluding government loans for

worker retraining, cuts in tax

subsidies for favored industries

(with the savings used to reduce the deficit and promote growth)

and a campaign against teenage

pregnancy.
While Mr. Clinton has spo-

ken receptively about many of those ideas, be has neither em-

braced nor rejected them spe-

cifically. The president's aides

said that even a major address

on his philosophy planned for

next week would be unlikely to

get into such detail, instead remaining a general statement of his principles, unlikely to win

live network coverage, White House officials said

the bulk of Mr. Clinton's pro-

posais on taxes and other issues

would be embodied in his State

of the Union and budget mes-

sages in January, but there, too, time is short. The State of the

Union, delivered at the suf-

france of Congress, is tentative-

ly scheduled for the last week of

January, but senior administration officials acknowledged Wednesday that there bad been

Hubbell's Honest Image Takes a Tumble

WASHINGTON — It was nothing but a billing dispute among law partners. Websier L. Hubbell told his colleagues at the Justice Department just nine months ago. Nothing out of the ordinary. Nothing that couldn't be resolved.

And they believed him, because Mr. Hubbell, former chief-

justice of the Arkansas State Supreme Court, former ethics officer of his law firm, author of the state's ethics law, had a reputation for integrity much of Washington could envy.

So this week, Mr. Hubbell's former co-workers at the Justice Department could only marvel about how well they had been fooled.

"Oh my God, this seems totally out of character," said one top official, upon learning of Mr. Hubbell's guilty plea Tuesday in Little Rock, Arkansas, to two felony counts of mail traud and tax evasion. Mr. Hubbell, former associate attorney general, admitted that he bilked his clients, including the federal government, of more than \$390,000, before he arrived in Washington last year. (WP)

Ex-White House Travel Chief Is Indicted

WASHINGTON - Billy R. Dalc. former chief of the White House travel office, was indicted Wednesday on charges he embezzled more than \$68,000 paid by news organizations for reporters to travel with the president.

An indictment charging him with two counts of embezzlement and conversion was returned in U.S. District Court here. Mr. Dale's attorney, Steven Tabackman, was out of town but had said Monday that Mr. Dale denied the charges and would vigorously defend himself at trial.

The government said the money included payments by news organizations for reporters' expenses and refund checks from telephone companies and other businesses that had been overpaid for providing services to traveling reporters, Mr. Date headed the travel office from 1982 until his dismissal in May 1993 along with six other employees of the

An audit in May 1993 had found that the office kept sloppy records. White House lawyers called in FBI officials at the time of the firing to announce an investigation. (AP)

Japan Gets an Ally Against U.S. Stamp

WASHINGTON — On the 53d anniversary of the Pearl Harbor attack, the White House sided with Japan against a proposed U.S. stamp that commentorates the end of World War II with a picture of a mushroom-shaped cloud,

"We agree that the atomic bomb helped speed the end of the war." Dee Dee Myers, the press secretary, said Wednesday, "But again, there could be more appropriate ways to depict that event,"

The White House chief of staff, Leon E. Panetta, told Postmaster General Marvin Runyon about the White House's concerns, she said,

The Japanese Embassy, noting that tens of thousands of Japanese civilians were killed in the bombings of Hiroshima and Nagasaki, formally protested the stamp Friday. The State Department expressed its concerns Tuesday.

Quote/Unquote

Elizabeth Hedlund of the Center for Responsive Politics, a nonpartisan watchdog group, on the Federal Election Commission's decision to dismiss, due to constraints on its investigative ability, complaints against 36 wealthy Americans who exceeded the \$25,000 annual limit on federal campaign contributions: "Our lear is the dropping of cases sends a signal to wealthy political donors that the laws are not always going to be enforced and they can easily take their chances and exceed the limits without worrying about any penalty."

Clinton Crisis: Pounded by Republicans, Spurned by Democrats

By Todd S. Purdum

New York Times Service
WASHINGTON — President Bill Clinton approaches the midpoint of his term from a new low point, with no easy choices and perhaps few good ones as he struggles to reposition himself on political ground that perpetually reopens beneath him. He is under attack not only from resurgent Republicans but also many despon-dent Democrats, and at some pains simply to preserve his au-

A poll conducted over the weekend by the Times Mirror

NEWS ANALYSIS

Center for the People and the Press not only found Mr. Clinton trailing a generic Republi-can opponent for 1996 but also, more ominously, showed that fully two-thirds of Democrats surveyed wanted to see other candidates challenge him for the Democratic nomination.

Those strains showed on Tuesday night in a feisty, reflective address to the Democratic Leadership Council, the centrist group Mr. Clinton helped found and rode to victory, but whose leaders now suggest that the president may be a big part of the Democrats' electoral

think about what your responsibility is," Mr. Clinton told the group, just hours after its chairman and his old friend, Repre-Entative Dave McCurdy of

By Sue Anne Pressley

Washington Post Service
NEDERLAND, Texas — Here in the 9th

Congressional District, oil refineries rule the

Gulf Coast landscape and fishermen complain

loudly about the day's catch. New bumper stick-

ers urging "Impeach Clinton" decorate pickup

trucks, and the slogan on the front door of the

Hardware Man gun shop carries the rightcous

force of a commandment: "Fear the Politician

For 42 years, this has been Jack Brooks territo-

ry as he rose from a struggling freshman con-

gressman, so poor he had to borrow money for a

new suit to wear to Washington, to one of the

most powerful politicians in the country. It is

proof of the cigar-loving Democrat's near-leg-

endary status that, even a month after the elec-

tion that toppled him, no one here, friend or foe,

can quite believe that when the 104th Congress

convenes Jan. 4. Jack Brooks will not be present.

38-year-old accountant who operated his cam-paign from his home and who, according to

many pundits, was victorious largely because he

If this is a story of one longtime politician's

abrupt comcuppance, however, it is also a larger tale of the feelings among voters that propelled

the recent Republican revolution: Taxes are too

high; government too big; reigning politicians too smug and out of touch. General distrust of

federal lawmakers seems to have degenerated into outright disgust. No one knows how to solve

the economic problems, residents here say, and

In the Brooks case, voters apparently were

willing to trade his considerable clout and their

gratitude for all the jobs and federal goodies he

no one understands how to fight crime.

Mr. Brooks, 72, was beaten by a little-known

That Fears Your Gun."

was not Jack Brooks.



Hillary Rodham Clinton whispering to her husband before he addressed a Democratic Leadership Council conference.

dent as a "transitional figure" arena, and fight, and roll up crippled by the tension between your sleeves, and be willing to problem, not the solution.

"I ask you now once again to crippled by the tension between his New Democrat's mind and his old Democrat's heart.

"It's to join me in the arena, not Oklahoma, criticized the presi- in the peanut gallery - in the this."

make a mistake now and then, be willing to put your shoulder "What is your responsibil-ity?" Mr. Clinton demanded. gage, be willing to struggle, be willing to debate and enjoy

one highly emotional issue: their freedom to buy

and bear guns. When Mr. Brooks voted last

spring for the crime bill, and the accompanying

ban of 19 firearms, constituents who had felt

generally betrayed by their politicians found a

"People say, 'Well, he's been our friend for over 40 years.' Well, for over 40 years, we sup-ported him," said John Kellams, owner of the Hardware Man who, until Nov. 8, had regularly

voted for Mr. Brooks. "But when your friend

starts doing bad things to you, you don't feel like you have to support him anymore."

Mr. Kellams, 36, a gun dealer and firearms instructor, with his wife, Deborah, helped lead

some kind of strange astronomical conjunction

that got him beat. I mean everything was lined

up," he said. "You have one of the most abys-

mally unpopular presidents in recent memory,

you have a resurgence of conservatism on the

political scene. Plus, you have a political scene

that is becoming more polarized - now, both

sides have moved so far away from each other,

you'd better jump on one side or the other fast." In the 9th District, which includes the high-

crime areas of Beaumont, outlying Houston sub-urbs and the coastal cities of Galveston and Port

Arthur, there are more licensed gun dealers than

in the state of New York. Boys and girls alike

grow up here learning how to shoot, and fowl-hunting preserves and well-stocked gun cabinets

ana, a place of swamp grass and lingering humidity, home of the Texas Rice Festival, the Texas

Gator Fest and historic Spindletop, the oil gush-

er that erupted near Beaumont in 1901.

This is a corner of far southeast Texas that seems more closely aligned with nearby Louisi-

are part of the local culture.

'It wasn't just the gun issue, but there was like

the pro-gun forces against Mr. Brooks.

and recent decisions by President Bill Clinton -

such as backing gays in the military and support

can jobs - have not played well in the homes

Mr. Brooks's office did not return calls, he has

attributed his defeat to the rhetoric of Rush

Limbaugh and other rightist talk show pundits.

"I think everybody got tired of Washington," said Harold Talley, 57, secretary-treasurer of the Oil, Chemical & Atomic Workers International

Union-local in Port Neches, who continued to support Mr. Brooks. "I think everybody's tired

of Washington trying to pass a health bill that

doesn't include them, everybody's tired of all the

perks everybody gets up there. Ninety percent of

us are probably going to end up using our savings

That Jack Brooks - an LBJ Democrat often

for medical bills and that's a sad, sad situation."

described as "the last of a breed" — could be felled with 45.7 percent of the vote says much

about the current impatience with officeholders.

Mr. Brooks seemed to cultivate an image as an

independent, blunt-spoken sourpuss and was re-

portedly proud of a Washington Post photo-

graph that showed him snarling at cameras. An

early supporter of civil rights, he refused to sign

the segregationist 1956 Southern Manifesto and

was one of only 11 Southern Democrats who

initially supported the 1964 Civil Rights Act. In the 1980s, when the first of a series of conserva-

tive opponents began mounting increasingly serious challenges, it was support from his district's large core of minority and union voters that

In Washington, he was an early pro-impeach-

saved him.

and trailer parks along the bayous.

But enjoying "this" seems be the champions of hard-work-about the last thing the Clinton ing, middle-class Americans. White House is doing these The political team that will help days, and there is no clear him decide what to do remains agreement on what "this" is, unformed, led by the vacancy in apart from the president's oftexpressed insistence that he and cratic Party, and the economic the Democrats are and should team that will nail down specif-

some discussion of whether it made sense to give the congressional Republican leadership so much time to make its own case. How a Texas Legend, Jack Brooks, Lost Out After 42 Years

Although NASA's Johnson Space Center is member of the Iran-contra investigation comlocated here, the area remains largely blue-collar, mittee, he described both Elliott Abrams, a former State Department official, and John M. Poindexter, the former national security adviser.

of trade agreements viewed as threats to Amerias "a lying son of a bitch." As chairman of the influential House Judiciary Committee, he has also continued to look out for his district - perhaps to his detriment. A \$10 million boost that he tried to slip into the crime bill earlier this year for a law enforcement training center at his alma mater, Lamar State University in Beaumont, led to derisive cries here and in Washington that he had finally gone too far in his appetite for "pork."

> While many constituents appreciated his oldfashioned attentiveness to his district, others had begun to speak of him as "Caesar" and to question the vanity of a still-bving politician who would allow a bronze statue of himself to be put on the Lamar State campus. "He's an arrogant old fossil." Deborah Kellams said. "He forgot where he came from, who put him in office."

> But his supporters wonder what can be expected from a successor like Steve Stockman, a \$25,000-a-year accountant who beat Mr. Brooks on his third try and received last-minute infusions of money from the Gunowners of America.

Now in Washington getting acquainted with his new environment, Mr. Stockman agreed that this time, the gun issue was Mr. Brooks's downfall.

"The problem," he said, "was that Brooks painted himself in a corner, quite frankly. He sent letters saying, 'I will do anything to stop the gun ban.' And he also said, 'You need to keep me in office because I'm powerful.' Well, you're either powerful enough to stop the gun ban or you're not. He set himself up as a giant and he ment critic of Richard Nixon and, later, as a couldn't deliver."

Vaccine for Lyme Disease Developed by U.S. Team

LONDON — American scientists reported Thursday that they had altered a tuberculosis vaccine so that it would work against Lyme disease, a tick-borne infection.

Lyme disease, which was first diagnosed in 1975, is the most common insect-borne infection in the United States and has also been reported in Europe, Japan, China, Russia and Australia. Doctors at Medlmmune Inc. and the University of Texas

said they had altered a vaccine known as bacillus Calmette-Guerin, which is used against tuberculosis. Sprayed into the noses of mice, it worked effectively against Lyme disease, they reported in the science journal Nature. A MedImmune spokesman said the next step would involve testing the vaccine on primates, with an eventual goal of human testing. Lyme disease causes flulike symptoms and joint inflammation that, if not treated, can persist for years. About 10,000

new cases are reported in the United States each year. MedImmune, based in Maryland, develops, manufactures and markets medications and vaccines for treatment and prevention of certain infectious diseases and cancers. It and several other companies have been working on finding a vaccine against Lyme disease.

Away From Politics

• A man threatening to jump from the George Washington Bridge in New York was calmed by Howard Stern over the phone during a live national broadcast of Mr. Stern's radio show. The man, who walked onto the bridge and called Mr. Stern on a cellular phone, was taken to a hospital, said the police, who added that there was no evidence of a hoax. (AP) Two radical fugitives accused of buying plastic explosives in a plot to help a Puerto Rican separatist leader escape from

federal prison surrendered to FBI agents in Chicago after spending nine years living under disguised identities. (LAT) Nearly one-third of postal workers fear they will face physical violence in their workplace, a finding that has alarmed postal officials and reinforced the image of the Postal Service

as a dangerous place to work. · Smokers are being deceived by advertising into thinking that low-tar, low-nicotine brands are less dangerous, according to a federal panel. The health benefit "of switching to low-tar and nicotine cigarettes is minimal compared to quitting entirely," the panel's leader said.

• A university whose scientists cloned human embryos has decided to destroy all data from that research. Ethicists decried the experiment at George Washington University for raising the specter of mass-produced people. (AP)

• A school district near Pittsburgh has agreed not to teach the Bible's story of the Earth's creation in science classes to settle a lawsuit filed by two students, who alleged that a biology

lesson last spring violated the legally required separation of church and state. Hundreds of people have offered to adopt an Old English sheepdog that nearly died after drug smugglers surgically implanted cocaine-filled condoms in its abdomen. (NYT) ORANGE: County's Financial Woes Send Tremors Through Wall Street Continued from Page 1

manias like the low-interest borrowing bonanza of the early 1990s reverse themselves, just as they did after the Federal Reserve started raising rates on Feb. 4. The immediate result, said Sam Kahan

of Fuji Securities, will be more cautious investors in money markets, although he expected that to unwind when they discover that Orange County is not another Mex-

In a long scheduled appearance before Congress, the Federal Reserve chairman, Alan Greenspan, testified Wednesday that the U.S. economy was sound, that he was worried about inflation, and that he was also closely watching the derivatives market. (Page 15)

That market proved the undoing of Orange County's financially aggressive treasurer, Robert L. Citron, who resigned when his overleveraged investments soured in a mistaken bet that rates would

But Mr. Greenspan did not offer Mr. Citron or the more than 180 municipalities that invested in his fund a federal safety net as Paul Volcker, his predecessor, did for Mexico and lenders to stabilize the world financial system. He did not seem to think it necessary, said Astrid Adolfson of MCM Moneywatch. She explained: "Some of the big boys got stuck in this,

and they are going to have to get unstuck by themselves. This time we haven't caught big banks and whole countries, but small towns and cities, and it will take time for the others to surface. Nobody knows how package with state and possibly federal many there are, but Greenspan has just told them they're on their own."

encouraged Mr. Citron by selling him derivative securities issued by quasi-govern-ment agencies such as the Federal National Mortgage Association.

These bonds, known as "inverse floaters," pay more interest when rates fall and less when they rise. That enables them to serve as a bet on the gains or losses of the underlying price of the security. Had the Mr. Citron simply bought these

floaters and sat on them, Orange County probably could have ridden out the storm. But as his municipal clients belatedly discovered, the fund borrowed money from the big securities houses to buy more, so the total investment of \$7 billion had a paper value of \$21 billion - until the Fed raised rates early in the year.

At that point, the yield from the floaters fell and was not enough to pay the interest on the money that had been borrowed to buy them. The county found itself, in Wall Street terms, under water.

Peter Swan, treasurer of the Irvine Ranch Water District and one of the fund's largest investors, said he expected banks would probably organize a rescue guarantees.

But the securities are unlikely to regain Among the largest firms caught by Mr. their par values, and the losses will eventu-Citron's investments was Merrill, Lynch & ally have to be made up by higher taxes, Co., whose bond salespeople seem to have delayed project spending, and bitter arguments in bankruptcy court over sharing the losses between the the county and the Wall Street professionals who sold the bonds in the first place.

Meanwhile, Terry Slattery, an investment analyst for the Orange County Employees Retirement System, accused Mr. Citron of violating instructions from the county's pension fund and placing \$65 million of retirement funds in the county's pool, Bloomberg Business News reported. Mr. Slattery said the money came from bonds the county sold in September.

He said it was given to Mr. Citron to be invested in a segregated account but was instead mingled with other funds in the county's investment pool, which was frozen when the county and the pool filed for bankruptcy protection late Tuesday. Mr. Slattery said Mr. Citron had assured him orally that the money would be kept apart

Quebec Chief Unveils

Critics Attack Move as Premature

Independence Measure

By Charles Trueheart Washington Past Service
TORONTO — Quebec's new

separatist government has un-veiled its first formal plans to steer the province to independence by 1996. Rattled defenders of the Canadian federation promptly called the process "illegitimate" and "undemocrat-

Premier Jacques Parizeau on Tuesday introduced legislation in the provincial Parliament that lays out for the first time the terms of Ouebec sovereignty that voters will be asked to approve in a referendum next year. In the meantime, Mr. Parzeau said, Quebeckers will be invited to participate in "an enormous democratic exercise. . . to build our country: Quebec."

The timing of the extensive public consultation process, during February and March, indicated that the referendum could come by June.

Mr. Parizeau promised to put the mostly French-speaking province on the "autoroute to sovereignty" in the election campaign last summer that ! brought the separatist Parti Ouebecois to power for the first time since 1985. Quebec's fitful romance with independence has been an obstacle to national

unity and a source of bitter recrimination between English and French Canada for most of the last quarter-century.

Current polls indicate that the referendum would lose, as the last and only other such Quebec referendum did in 1980. But Canadians got a dose of the unexpected last week when Mr. Parizeau's charismatic ally, Lucien Bouchard, nearly died from a flesh-eating disease that cost him his leg. His ordeal, according to much of the ensuing analysis, had added heroic luster to the separatist cause. Mr. Bouchard's doctors said his recovery was continuing, and he was expected to be on the referendum campaign trail by

Quebec's opposition leader, the former Premier Daniel Johnson, a Liberal, was among many detractors who called the Parti Québecois document undemocratic because some of its language presumes that a ma-jority of Quebeckers favor sovereign status for the province. Mr. Parizeau's thin victory over Mr. Johnson in the Sept. 12 election, with only 44.7 percent of the popular vote, reflected continued misgivings among many Quebeckers about the consequences of separating from Canada.

Russia's Bosnia Line Called Fault of U.S.

Bid to Push NATO Eastward Was Ill-Timed, EU Chief Says

BRUSSELS - The European Union's chief executive blamed the Uoited States Wednesday for Russia's hardline stance on the Bosnian war, which caused a pan-European security meeting to end in deadlock a day earlier.

The Clinton administration's bid — driven by congressional critics of NATO — to start the process of the alliance's eastward expansion has alienated President Boris N. Yeltsin of Russia, said Jacques Delors.

"I believe it was a premature initiative," said Mr. Delors, the outgoing president of the Euro-pean Union's commission and a possible candidate for the

French presidency.

Mr. Delors said he would have counseled the United States against proposing an enlargement of the North Atlantic Treaty Organization now, a move that he said "complicates the forging of the necessary relations between the United States, European Union and

Russia The NATO foreign ministers agreed Dec. I on a one-year study of the terms for NATO membership for East Europe-

ans. That day, Foreign Minister Andrei V. Kozyrev of Russia, attending a previously scheduled meeting with the foreign ministers, declined to endorse a broad NATO-Russia military cooperation program.

He accused NATO of dividing Europe anew by absorbing Moscow's former allies, a theme that also spoiled the Budapest summit meeting of the 52-nation Conference on Security and Cooperation in Europe.

At a meeting starting Friday in Essen, Germany, the EU leaders are to endorse a strategy for some East European countries to bring themselves up to speed to join the Union some day.

That go-slow approach to economie integration "is more consistent with the concerns of those countries than the enlargement of the Atlantic alliance," Mr. Delors said at a news conference.

Mr. Delors will step down as the EU chief in January after nine years and may run for the French presidency next year. He said he had made a decision but would keep it to himself for

RAPE: Tribunal Lacks Evidence

Continued from Page 1

abused night after night. The European investigators and Amnesty International reported that all three parties to the conflict, including Muslims and Croats, had sexually assaulted women, but that Bosnian Serbs had been the main abusers. They said that men in detention camps had also been abused.

At the tribunal's headquarters on the outskirts of The Hague, officials say a shortage of money and staff has slowed the pace of their work, leaving them waiting for new funds from the United Nations. Piles of evidence already gathered from refugees lie unsifted and untranslated, Richard Goldstone, the chief prosecutor, said that his staff of 80 people required at least twice as many interpreters, secretaries, lawyers, and investigators.

The shortages affect all of the tribunal's activities, which include reviewing a long list of atrocities. But women's rights' groups, which have played a

Australia Slow, **But Under Way**

BOULDER, Colorado Satellite measurements show Australia creeping north-oortheast two to three mehes (five to eight centimeters) a year, a rate that means that it would

next 20,000 to 30,000 years, a university study says.

"All these measurements provide direct evidence of tectonie motion that we simply did not have besaid Kristine Larson, assistant aerospace engineer at the University of

travel about a mile over the

Measurements were made by the Global Posi-tioning System, a group of 25 military satellites that beam radio signals to Earth, operated jointly by the departments of Defense and Transportation.

Colorado.

key role in bringing reports of systematic rape into the lime-light, worry that foot-dragging may once again marginalize

sexual crimes against women.

These groups complain that so far the tribunal has not adequately prepared to deal with abuses against thousands of girls and women. And they note that the court is pitifully short of female experts, who are con-sidered indispensable to the sensitive task of questioning victims and witnesses.

"For the victims, it's important that prosecution happens as soon as possible, and, besides, rape is still going on," said Jacqui Hunt, a lawyer with the womeo's rights group Equality Now, in New York.

Mr. Goldstone, a member of South Africa's Supreme Court who took up his post as chief prosecutor in August, agreed that 2 women among the tribunal's Il judges were not enough. "Obviously, I'd prefer there to be more womeo judges," he said. But he expects oo changes on the panel, named by the UN General Assembly. Of the tribunal's 22 lawyers

8 are women; there are also only 3 women among the 18 investigators. "We have insufficient women

all around," Mr. Goldstone added. "We hope to correct that with the new hiring next year."
The war tribunal will not be

the first to hear charges of mass rape, but it is expected to deal with the issue more prominently than any before. "Rape has never been the

concern of the international community," said Mr. Goldstone, who gained a reputation for independence while heading inquiries into political violence in South Africa. "It's important that this be dealt with."

He acknowledged that this raised difficult questions.

"One wants to protect victims who don't want to talk, let alone talk in public," be said.
"But to enable the public to understand the seriousness of these events, we need to hear these women's voices."

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The EU Commission president, Jacques Delors, taking press questions Wednesday at Union headquarters in Brussels.

Perry Denies U.S. Lost Credit Over Bosnia

WASHINGTON - The United States has not lost credibility in refusing to send troops into Bosnia after demonstrating its willingness to fight Iraq in the Gulf, Defense Secretary William J. Perry said on

Wednesday. He also denied that the North Atlantic Treaty Organization had suffered fatal political wounds in Bosnia's civil war and said the alliance would remain as a bulwark of European and world security.

Mr. Perry, after a speech on Gulf policy to the Middle East Policy Council, a private organization, said that Bosnia, unlike the Gulf region, was not an area of vital national security tions are entirely different."

By Brandon Mitchener

International Herold Tribune

FRANKFURT - Germa-

ny's highest court ruled

Wednesday that the surcharge

that subsidizes domestic coal

productioo was unconstitutioo-

al, a decisioo that will force the

government to find a new way

to provide \$4.5 billion a year to

The Federal Constitutional

charge customers a 7.5 percent reunification.

Continued from Page 1

1970s have votes on a budget amendment

been lost.

The immediate problem for Mr. Major,

and for his chancellor of the Exchequer.

Kenneth Clarke, was to fill a \$2.3 billion

hole in the budget. Mr. Clarke was to

announce substitute revenue measures on

Thursday. More pressing was the need to steady the financial markets, which do not

take kindly to a political mutiny that un-

At 9:30 Wednesday morning, less than

12 hours after the vote, the chancellor

raised the interest rate by a half-point, to

6.25 percent from 5.75 percent. While the

raise had been expected, the timing was clearly intended to send the message that

the government was still in charge and

aiming to damp down inflation and con-

ravels the country's fiscal plan.

Court gave the government un-til 1996 to eliminate the so-

the industry.

interest for Washington and therefore did not warrant the use of U.S. troops taking sides in the civil war there.

"No, I don't think the situations are at all comparable," Mr. Perry replied when asked after his speech on Gulf policy whether U.S. decisions on Bosnia had eroded Washington's credibility. The Clinton administration has been criticized by some allies for refusing to send peacekeeping troops to Bosnia. "We have not, first of all,

defined Bosnia as a vital national security interest of the United States," Mr. Perry said. "Our involvement there is in a peacekeeping operation, oot in a combat operation. The situa-

surcharge oo their monthly

The surcharge to aid coal production in North-Rhine-Westphalia and Saarland states

is to rise to 8.5 percent in 1995.

immediate comment on the rul-

ing. But Economics Minister Gunter Rexrodt said it would be "unavoidable to consider

whether we could raise the re-

quired funds through a oew

tax" if the coal industry is to be

subsidized out of the federal

called "coal penny" system, in budget, which is already

which electricity companies strained by the cost of German

The Finance Ministry had oo

Later, he was asked in an interview with news agency re-porters if allied crificism over U.S. refusal to send ground troops to Bosnia coupled with Europe's inability to end the war signaled the post-Cold War disintegration of NATO.

"I continue to believe that NATO is the most valuable security institution in the world today and therefore it is very important that we take efforts to maintain its strength, to maintain its cohesion," he said.

He predicted that the alliance would remain healthy. "Not only do we believe that is an important objective, but that has certainly been the same

corporate income tax rates,

view expressed by all of my NATO counterparts."

Mr. Perry told reporters that the removal of United Nations peacekeeping forces from Bosnia could pave the way for NATO bombing raids to pressure the combatants to end fighting. But he refused to say now if he would support such strikes.

He discussed Bosnia in telephone conversations with two NATO defense ministers, Francois Leotard of France and Malcolm Rifkind of Britain. He will meet Mr. Leotard on Monday in Washington and hold talks Tuesday in Brussels with Mr. Rifkind on the eve of a NATO defense ministers meet-

German Court Rules Coal Tax Illegal But the Federal Constitu-The court's decision comes as the government searches for tional Court, acting on a com-

ruled that it was unconstitu-

ways to reduce individual and plaint filed eight years ago.

which are among the world's tional to charge only electricity highest. The government had been The court suggested electricconsidering an energy tax to reity was "a starting point for a consumption tax" but said that a broader tax would be more duce the country's output of carbon dioxide, which contrib-ntes to global warming.

appropriate. The coal industry had expect-

ed to receive as much as 7.5 German coal production is billion Deutsche marks (\$4.8 the most expensive in Europe billion) in subsidies through and has come under increasing this tax in 1996, and as much as scrutiny as the use of cheaper 7 billioo DM a year for the oext and cleaner-burning sources of energy spreads.

Continued from Page 1

billion in Pentagon spending over the oext six years. Army officials also acknowledge that TORIES: Britain Wonders Whether Major Can Survive Until End of Term they hope the new Republican majority in Congress will provide additional short-term tives refused to vote the government line funds in a supplemental approlast week, they had to be punished. They priation bill. were in effect drummed out of the party, at least for the time being. The move back-fired. It reversed Mr. Major's slender mar-A senior army official said

gin in the House of Commons, giving him control of 322 votes compared with 324 for opposition and Tory rebel votes combined. And when the critical vote on the fuel tax came, the rebels felt free to "vote their ample - it was typically because crucial personnel and conscience." All but one either opposed equipment had been seconded to another theater. This is the first time in memory that the er agonizing decision: whether to let the entire European combat force rebels back in. If he does, his punishment has been classified as C-2 becounts for very little. But if he does not, he cause of insufficient training, continues to run the political risk, not to the official said. mention the ridicule, of being one of the

Readiness is a much debated West's few leaders to voluntarily turn his topic in military circles and a own majority government into a minority difficult concept to quantify. But even with the Cold War consigned to history, being prepared to fight remains para-mount in the credo of the U.S. **OUEEN:** A Planned Oil Well Near Windsor Castle Upsets the Neighbors

Although forces in Europe are no longer likely to wage World War III against the Russians, the chance of combat somewhere against some foe re-mains high. Should United Nations forces in Bosnia require extraction under fire, for example, the 1st Armored Division would likely be part of a NATO haps one bit of good news on rapid deployment force sent to Wednesday. The Sun, a tabloid provide cover, army officials

Dismissed by Kohl Aide as Unofficial But on Wednesday, after Mr. Kohl went home to Bonn to preside over a cabinet meeting. his government answered the mut Kohl's government said Wednesday that it would ignore allied request for German war-

planes with silence.

By Craig R. Whitney
New York Times Service

in Bosnia.

BONN - Chancellor Hel-

the threat of outside military

German officials said they

had been asked by the NATO

military command on Nov. 30 if

they would make available six

to eight Tornado fighter-bomb-

cision," Mr. Bohl said.

m northwest Bosnia.

been equally ineffective.

ing of the 53-nation Conference

on Security and Cooperation in Budapest, Mr. Kohl appealed

for a statement calling for a

cease-fire. "I do not want to go

home and answer questions from people who say, What did yon do on Bihae?" Mr. Kohl

force in the Balkans.

a request by NATO military an-The NATO supreme allied thorities for specially equipped German aircraft to boost the air commander Europe, General George Joulwan of the United cover for United Nations forces States, had relayed the request to the German Defense Missis-The move underlined Gertry, a move seen by many German reluctance to be drawn man commentators and offiinto an active combat role in cials as a challenge that could NATO's thwarted effort to use force Germany against its will to take on an active combat role in the former Yugoslavia.

Germany has avoided four so primarily on the ground that memories of Nazi war crimes there are still fresh. But until a court ruling last

ers with special electronic capabilities for use against increassummer found that the couningly active mobile Serbian try's 1949 constitution did not bar military missions beyond surface-to-air missile launchers. A statement issued Wednesthe German borders, German politicians had also argued that day by Mr. Kohl's chief of chancellery, Friedrich Bohl, said that the NATO secretarytheir military could only be assigned to NATO to defend Gergeneral, Willy Klaes, had conman territory from outside at-

firmed that the request for the German planes had not been a The Constitutional Court in Karlsruhe said in July that Gerformal or official one by the man soldiers could also participate in international peace-keeping missions under third "In view of these facts, the vernment sees no need for a Nations anspices, if the lepish Serbian missile sites near the ture agreed.

esieged Muslim enclave of Bi-Public mistrust of foreign hac began posing an increasing military entanglements remain strong, as a public opinion pe threat last month to air cover by of 1,007 Germans by the weeks magazine Stern showed the week. Fifty-four percent of them said they opposed German air strikes against the the North Atlantic Treaty Organization for United Nations troops in the "protected area" of Bihac, the Muslim enclave the Serbs have been pounding Serbs in Bosnia.

The NATO allies rejected an The opposition Social Demo-American request to consider a cratic Party leader in pada-ment, Rudolf Scharping, said campaign of stepped up air strikes against the Serbs, and Wednesday that the party turned to diplomacy, which has would oppose sending German planes into combat there. Earlier this week, at a meet-

NATO officials in Brussels said that the request for the planes had been discussed at the edges of last week's meeting of foreign ministers, but not pressed. It was oot put to a regular meeting of the alliance's permanent representatives on Wednesday, they said.

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President Bill Clinton anoounced last week that he would seek an additional \$25

that although combat divisions in Europe had previously been classified as less than fully ready — during the Vietnam War and the Gulf War, for ex-

General Maddox, who has neled \$150 million from train-"My husband would be de- ing funds to various quality-oflife accounts in fiscal 1993 and

did the same thing in fiscal

In both years, he added, he received from Congress an adequate training budget but only 60 percent of the money needed to operate the army's 370 bases and other installations in Ger-

Netherlands. General Maddox estimates that he will have a \$170 million shortfall this year even without undertaking any oew construc-tion or tackling "a backlog of epair and maintenance."

By the army's own standards the combat divisions in Europe are adequately trained "to undertake most wartime missions." Few commanders would argue that national security has been imperiled by the recent slippage; but many senior officers who served in the dispirited "hollow Army" of the 1970s interpret current trends as portents of worse things to come.

Santa Line Cut By Scroogelike French Official

Agence France-Presse PARIS - Officials pulled the plug Wednesday on a dial-a-Santa service for French children, saying the service was a con because Father Christmas was not really on the other end of the line.

"The words which pre-tend to be those of Father Christmas are simply des-tined to keep the caller on the line," said Alain Lacabarats, a magistrate, upholding a claim by a parents' group that the service was a fraud. He said the service, run

by a company in Aix-en-Provence was "manifestly illicit."

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hill could be worth as much as the chief beneficiary. For the the outset to drop his bid. He among the populace. queen there would be only what also said his plans for two "People are wondering how crown estate officials describe months of day-and-night drillmuch oil is in their garden," Mr. aging director of Canuk Explo- as a "very small beer" fee for

Over the long run, Mr. Major's chal-

lenge will be to restore his credibility and

his hold over the party in time for an election, which must be held by mid-1997.

To regain popularity, he is looking to Brit-

ain's economic recovery, which is moving

ahead, and an emphasis on strong new

measures to strengthen the powers of the

In dealing with the party, he has tried

contradictory tactics, at times threatening

the Tory rebels and at other times offering

them concessions. Last week, he quelled a

revolt by "Euroskeptics" - those wary of

merging more closely with the rest of Eu-

rope as called for by the Treaty on Europe-

an Union — by declaring a vote on Brit-ain's contribution to the European Union

to be a vote of confidence in his govern-

This meant that when eight Conserva-

police in questioning criminal suspects.

Continued from Page 1 Desmond Oswald, the man-

trol economic expansion.

ration, the company seeking the her granting permission. permission, noted that there "Geologically it is a well lowas typically a one in eight cated site, hut environmentally chance of finding oil in a wild-it is a bit sensitive," Mr. Oswald cat well. The chances of finding said. "But you can't have everycommercial quantities he put at no better than 30 to 1. If it does

pan out, Mr. Oswald would be that he was widely advised at blings of a gusher of greed

cated site, hut environmentally

thing."
Mr. Oswald acknowledged

At the headquarters of the Berkshire County Council,

where the fate of the well will be decided on Jan. 4, the chairman of the development control committee noted mixed feelings about the matter. On the one hand, said the committee chairman, Donald Beer, oil wells generally fall into the "not in my hackyard" group of developments. On the other hand, he said he detected the first rum-

ing beginning in August were no accident.

Beer said. "It figures that they would discover oil under the "The queen is away those houses of one of the richest months," he said. women in the world and all of us poor people have nothing." For the queen, there was per-

the government or abstained.

And now Mr. Major is faced with anoth-

newspaper, reported that faced with eviction next month from her rented house, which has commanded U.S. Army forces now been sold, the Duchess of in Europe since July 1992 and is York is weighing moving back about to retire after 35 years in in with her estranged husband, uniform, said that he had fun-Prince Andrew.

lighted," she told the paper.

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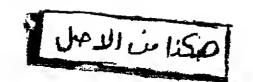
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Rift Opens in New Japan Opposition Party

TOKYO - A rift emerged in Japan's new opposition party before its formal launching this week, with former Prime Minis-ter Tsutomu Hata deciding Wednesday to compete for the

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leadership with another former prime minister, Toshiki Kaifu. Analysts said that by announcing his candidacy, Mr. Hata was rebelling against his longtime ally Ichiro Ozawa, the political kingmaker who will become secretary-general of the party, called New Frontier. The party is to be formed on Satur-

suade Mr. Hata from running

Hata are from the Japan Renewal Party, and Mr. Ozawa Keiwa O reportedly said he hoped that Mr. Hata would forsake becoming a candidate to avoid creating the impression that a single party was dominating the alli-

The New Frontier Party will be the second largest political force in the country, with 180 seats in the lower house comday.

Earlier Wednesday, Mr.
Ozawa tried but failed to dissuade Mr. Hata from 100 Satur
day.

Earlier Wednesday, Mr.
Ozawa tried but failed to dissuade Mr. Hata from 100 Saturpared with 200 for the Liberal Democratic Party, the main partner in Mr. Murayama's cosuade Mr. Hata from 100 Satur-

Mr. Ozawa was reported to

for the leadership of the party, which brings together nine opposition groups.

have tried to shape a consensus on making Mr. Kaifu leader to 1991, Mr. Kaifu made efforts and himself secretary-general. position groups.

Both Mr. Ozawa and Mr.

But that proposal was defied by

Keiwa Okuda, a veteran lawmaker from the Renewal Party. said that younger members were supporting Mr. Hata. The leadership will be con-

tested on Thursday between Mr. Hata, Mr. Kaifu and a third candidate, Takashi Yonezawa, the chairman of the Democratic Socialist Party.
Both Mr. Hata and Mr.

Kaifu, former stalwarts of the Liberal Democratic Party, are seen possessing the political credentials to lead the new par-

Mr. Hata was the last prime minister of the anti-Liberal Democratic bloc that oow forms the core of the new party. serving in the post for two months in mid-1994 before the Socialists walked out of the alliance and Mr. Murayama be-

came prime minister.

The imperus behind the formation of a broad-based party is the single-seat electoral system introduced under political reforms enacted in November, which works against small par-

(AFP. Reuters)

U.S. Reaffirms Link to Taiwan

The Associated Press TAIPEI - The U.S. sec-

retary of transportation. Federico F. Peña, wound up a rare visit to Taiwan on Wednesday hy promising closer ties with Washing-

Mr. Peña said he had reaffirmed the Clinton administration's commitment to strengthen economic and cultural relations between Taiwan and the United States.

China, which regards Taiwan as a renegade prov-ince, registered "firm opposition and strong displeasure" over Mr. Peña's visit.

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MOVING

North Korea Set to Get Promised Oil

ment of heavy oil promised to tons of heavy oil a year until the North Korea in return for its freezing its nuclear program In return. North Korea must will be delivered before the end open all its nuclear installations of December, a South Korean company said Wednesday.

Honam Oil Refinery Co. said before Dec. 30.

Under an agreement signed with North Korea in October, Washington is arranging to supply the North with two modern nuclear reactors in return for its halting operation or construction of reactors suspected of being used to produce nuclear weapons material.

new reactors are huilt, by 2003. to outside inspections.

Recent defectors from North Korea have reported acute fuel the U.S. Defense Department and food shortages in the reclusaid he would tell North k had awarded it a contract to sive Communist state. The an leaders of his concern. supply 50,000 tons of oil, worth company said the heavy oil to \$4,2 million, to North Korea be provided could only be used

for beating.

A Republican U.S. senator who has been critical of the accord said he would travel to North Korea on Sunday. The senator, Frank H. Murkowski of Alaska, said he would be joined by Senator Paul Simon, Democrat of Illinois, in the first visit to Pyongyang by U.S. leg-

SEOUL — The first shipUnited States to supply 500,000 of the longtime ruler, Kim Il

Speaking to reporters in To-kyo, Mr. Murkowski said he was worried that the agreement allowed North Korea to keep its existing nuclear installations secret for another five years. He said he would tell North Kore-

But Mr. Murkowski, who is expected to become head of the East Asia and Pacific affairs subcommittee of the Senate Foreign Relations Committee in January, also said the United States was committed to fulfill-

ing the terms of the deal. U.S. and North Korean negotiators met in Washington on Tuesday for talks on carrying



MANILA TRADE PROTEST — A plainclothes policeman arresting a demonstrator Wednesday after protesters tried to padlock the U.S. Embassy main gate. The police used tear gas at the anti-GATT rally.

against the government.

said this week it would cremate tradition at the request of King seized power from the Khmer those remains to put to rest the Norodom Sihanouk. Rouge in early 1979. That gov-

tling museums of the atrocities,

souls of those worked, starved or tortured to death during the for reconciliation with the main forever as testimony to

PHNOM PENH - For 16

years, the skulls of hundreds of Cambodians have been on dis-

play to testify to atrocities by

the Khmer Rouge, held respon-

sible for the deaths of hundreds

Plutonium Poses Risk At U.S. Storage Sites

New York Times Service NEW YORK - American

the Department of Energy says. The plutonium, 26 tons in liquids, solids and powders at left over when production of nuclear arms materials abruptly stopped in the late 1980s. Because few thought the shutdown would become permabeing stored in forms that can health problems.

until we got around to recycling workers, the public and envi-it in the next weapons camit in the next weapons campaign," said Dr. Tara O'Toole, been made to aggressively ad-assistant secretary of energy for dress the problem," the report environment, safety and bealth. said.
Now, she said, radiation from tainers; several have already leaked, prompting an extensive

to tear down both a monument

The skulls were collected by

the previous. Vietnamese-backed Communist regime that

Cambodia to Cremate Remains of Pol Pot Victims

mation is a step toward disman- dia created with them,

gaged in guerrilla warfare peatedly urged the government

Though some fear that cre- of skulls and a map of Cambo-

of terror. The group now is en- two decades of conflict, has re- Marxists.

Some containers are so old that no one knows the form of nuclear weapons plants have the plutonium inside. Lawrence thousands of containers of plu- Livermore National Laboratotonium that could spill their ry, in Livermore, California, deadly contents before the ma- has 282 such containers, of terial is properly disposed of, which eight are bulging because posing significant risks to work- of "unanticipated conditions," ers and some risks to the public, according to the Energy Department report, which was re-

leased Tuesday.
The study identified Rocky 13 sites around the country, was Flats, near Denver, as being the most vulnerable, but also listed the Savannah River site near Aiken, South Carolina; Hanford, near Richland, Washington, and other locations. The nent, much of the plutonium is report detailed 299 safety and

"Overall, the department's "The containers were really inventory of plutonium pre-only intended to hold the stuff sents significant bazards to

The Energy Department is the plutonium is breaking down still working on plans to re-metal and plastic in the con-package the material and said it may take 10 to 20 years to find a long-term solution to the storage and disposal problems.

Tuol Sleng museum, once a

Khmer Rouge torture chamber,

features a cluster of skulls dis-

played in a map of Cambodia.

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Europe Dithers

Six months ago, this was snpposed to be Europe's time of decision. Germany's presidency of the European Union in the second balf of 1994, followed by France's in the first half of 1995, would see the Union's two main powers set Europe on its road into the new century. It has not happened.

When the Union's leaders meet in Essen on Friday, near the end of Germany's time at the top, it will be seen that neither of the two chief things that needed to be done is in fact being done.

One was the obligation to throw open the doors. The European Union is either a Europe-uniter or a Europe-splitter. If it is not to be a splitter, the new democracies of ex-Communist Europe have to be given a clear idea of bow they can win full membership.

The Essen summit will consider a vague paper on the subject. But it does not know where the money will come from to turn paper into reality. The Union's southern members will not pay the cost of this eastward expansion unless they get the money they want for a plan to help North Africa - a combination that would reach deep into the pocket of the Union's increasingly reluctant chief paymaster, Germany.

Worse, the paper does not say how the Union is to change its farm policy in order to admit the new eastern members. This is a fatal flaw. Good, cheap food will be one of the easterners' chief

exports to the rest of the Union.
The Union must therefore accept drastic cuts in its present members' farm production, or bust its budget by paying out even more in subsidies. Until it faces up to this, its talk of eastward expansion is so much hot air.

The other great issue that looks likely

to be brushed under the carpet in Essen is Europe's future constitution. This is a subject that could break the French-German axis, and thereby change the shape of Europe's future.

Some of Chancellor Helmut Kohl's chief colleagues have lately been repeating, presumably with Mr. Kohl's approval, that in their view Europe must become a single, federated state. Even a single currency, one of them has said, necessarily points to political union. These are risky things to say in Germany, where a Financial Times opinion poll this week suggests that only 24 percent of Germans want a single currency and only 23 percent want closer political union. And it bas had an explosive consequence in France, where Prime Minister Edouard Balladur felt it necessary to say in Le Monde on Nov. 30 that an enlarged Europe can-

not be a federal Europe. The matter could conceivably decide France's coming presidential election. If Jacques Delors chooses to run as the Socialist candidate, his likeliest oppo-nent is a man who now seems to think that skepticism about a federal Europe is a vote-winner. If Mr. Delors does not rnn, no other Socialist seems likely to keep the presidency in federationfriendly hands. The consequences could extend far beyond France. The pattern of European power would change, if France and Britain combined to back the idea of a looser, confederal future against the German federalists.

Yet the subject is not on the agenda in Essen; it can be discussed only in snatched moments between official sessions. Europe has once again looked the future in the eye, and blinked,

INTERNATIONAL HERALD TRIBUNE

Ambushed in Budapest

Bill Clinton's European cares blossomed in Budapest. He had gone there to explore the security uses of the 52-nation talk shop known as the Conference on Security and Cooperation in Europe. Twice he was ambushed. The president of Bosnia delivered a tirade against "the weakness of the West." The president of Russia professed to find an ecbo of the Cold War in NATO's efforts to bring in Central Europeans.

In the past the CSCE steadied postwar borders and legitimized global discussion of Soviet-bloc buman rights. But at Budapest it could move only partway to take on peacekeeping in Armenia/Azerbaijan as the first security test that many members favor. Most members dragged, being no more eager for costly intervention in Nagorno-Karabakh than in Bosnia. Russia also dragged, not winning its goal of CSCE sponsorship of Russian peacekeeping but not permitting CSCE control of CSCE peacekeeping either.

Bosnian President Alija Izetbegovic, in his complaints about American policy in particular, works to widen a growing split. The Democratic administration is now pursuing an ally-oriented "peace strategy," which critics see as appeasement. Newly ascendant Republicans promise a battle-oriented, get-even poliey that the administration calls an invitation to open-ended war.

Each policy line promises more than it can deliver. The best available course would borrow from both sides. United Nations ground peacekeepers, whom Scrbia has made bostages against NAT() bombing, bad best be with-drawn. That would create a bumanitarian nightmare, but it would let NATO make a new decision on use of air power -a decision on which it would need to consult Russia. The Muslim-led Bosnian government would have new access to arms but would be pressed to stay at the negotiating table all the same.

At Budapest, Boris Yeltsin strenuously

objected to NATO enlargement. A year ago the "Russia-first" tendency of U.S. policy might have guided Washington. but it has come to support eventual admission of the Central European democracies. Part of this stiffening flows from Russia's one-sided 19th-century type of tilt to the chief aggressors, the Serbs.

Many Russians are confused and anxious about NATO expansion, or still gripped by the mental habits of empire. They need to think about it harder.

They also need to be assured and shown that expansion can reduce uncertainty in a hypersensitive part of now independent Europe and that the resulting continental poise would benefit them as well as others.

- THE WASHINGTON POST.

Bentsen Will Be Missed

Treasury Secretary Lloyd Bentsen's resignation is bad news to a battered White House. Mr. Bentsen knows best what the administration desperately needs to learn; how to deal with a Republican-led Congress. His consistent voice for policy moderation will be missed among a chorus of advisers who remain befuddled about what the voters meant

when they rejected the Democrats. Mr. Bentsen's clout on Capitol Hill was important to Bill Clinton's major legislative victories. He fought hard within the administration, and then in Congress, for a budget that would cut the deficit and raise spending on training and education — beating back advice from White House pollsters who pushed Mr. Clinton to promise a tax cut that be knew the government could not afford,

He also overcame bad advice from Democrats like the majority leader, Richard Gephardt, and independents like Ross Perot to scuttle the North American Free Trade Agreement with with Mexico and Canada.

And he rounded up desperately needed votes in the Senate last week for the GATT trade agreement.

Mr. Bentsen marshaled votes against a balanced-budget amendment that, among other glaring faults, would have stymied the government's ability to fight off recession. He also deserves praise for refraining from taking cheap shots at the Federal Reserve Board for raising interest rates as the economy grew at a rate he knew was unsustainable.

Mr. Bentsen did not always win. His advocacy of a politically feasible health care bill lost out to First Lady Hillary Clinton's grander plan.

And at times he carried caution too far. He did not push for ambitious policies — overhauling the tax code, for example — that could address profound economie problems like the nation's stagnant productivity or its pathetically low savings rate. Mr. Bentsen has thus left a void that the Republicans intend to fill, unfortunately, with tax policies to reward the rieb and punish the poor.

Robert Rubin, another fiscal moder ate, who runs the president's Nanonal Economic Council, will be nominated to replace Mr. Bentsen. He is a wise choice; as one administration official observed. Mr. Rubin, the wealthy former head of Goldman Sachs, has the "highest ratio of money to ego" in Washington. He is a seasoned financial expert who wins poli-cy fights without bruising the feelings of

his White House colleagues.

But even if Mr. Rubin counsels his president well, he will find it hard to replace Mr. Bentsen in one respect. Mr. Clinton will have lost the one cabinet secretary who came with built-in credibility in Congress.

- THE NEW YORK TIMES.



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International Herald Tribune, 18t Avenue Charles-de-Gaulle, 9252t Neurlly-sur-Seine, France. Tel.: (1) 46.37.93.00. Fax: Circ., 46.37.06.51; Adv., 46.37.52.12. Internet: IHT@eurokom.ie

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The New Job for NATO Should Be Security Eastward

PARIS — One would think the Conference on Security and Cooperation in Europe complementary to NATO rather than rival. Its purpose is to assure a dialogue between Russia and the other former Soviet countries and the nations of the Western alliance. It was created in the course of the Cold War's winding down, an element in the detente that broke out when Mikhail Gorbachev launched his reforms of the Soviet system.

The practical importance of the CSCE is not great, since the organization does not actually do very much other than talk, and must have a consensus of views to be able to do anything at all.

NATO does do things: It deploys armies, conducts air and naval operations, is capable of going to war. It is exclusive. It is a security alliance, originally directed against Russia, which now contem-

plates admitting that country.

The CSCE is inclusive. It makes no invidious distinctions between nations. It is valued by Russia precisely because it does not draw a line between vulnerable countries anxions about their security, and those others thought to be possible future threats to good order in Europe.

Should such invidious distinctions be drawn? If not, it is hard to see wby NATO should exist. Its past role was to defend the West against the Soviet Union, and there is no more Soviet By William Pfaff

Union. It recently undertook a new role as the strong arm of United Nations peacekeeping in Bosnia. But this has led to confusion and frustration - to the humiliation both of the United Nations and of NATO - and has done little to produce or "keep" peace.

So what is the purpose now of NATO? There would seem to be two possible functions for the alliance. The first is its classie role: to defend its members against a renewed threat from the east, should that come. As Russians themselves acknowledge, their country remains unstable. There is some danger of reversion to a belligerent nationalism, and conceivably - if we are to take seriously the threats of Vladimir Zhirinovsky, a man who wants to be Russia's president - of renewed aggressive behavior toward Russia's neighbors.

Much of the debate over NATO takes place in terms of an argument that says admitting Russia to NATO will strengthen democrarie forces there, while to exclude it would strengthen undemocratic nationalists. This reflects the dangerous assumption that foreign influences are determinant in what happens to Russia. Surely what happens in Russia's inter-nal political affairs during the next few

years will be determined by internal forces. It is rash to think otherwise. Russia's relations with the West have already been soured by the interference of wellintentioned Western governments and individuals who think that they can, or should, teach Russians what to do. The NATO affair is a factor in influencing Russian popular and elite opinion, but

only one factor among many.

The other function of NATO is to guarantee the security of its internal as well as external frontiers, assuring the peaceful conduct of its own members. This is a role extremely valuable to Russia, as well as to the United States, Western Europe and the Central and East European countries now candidates for NATO membership. In the foreseeable future, the threat to peace does not come from beleaguered Russia — whatever the scenarios envisaged by some Western commentators — but from instability born of ethnic nationalism in the region.

In a fundamental way, it was very easy for NATO to protect the West against the Soviet Union. The goal was clear. The means were available. Everyone believed in the necessity of the alliance. The publie would pay, and willingly sent its young men into NATO service.

But today one must ask if the Western governments are prepared to deal with instability in Eastern Europe. Will they

really guarantee Hungary's borders, when Hungary has old and acrimonious quartels with Serbia, Slovakia and Romania over the status of Hungarian minorities in those countries? Is the United States prepared to accept that any violation of Poland's frontiers is equivalent to an attack on its own frontiers? Are Britain, France or Germany so prepared?

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I think it would be prudent and wise for Washington, London, Paris and-Bonn to say "yes." But I am not sure that this decision would have popular support. I favor such a guarantee because I think it serves Russia's interests, too. Western-guaranteed stability on Russia's western borders is a very good idea.

Russia has need of an orderly Central and Eastern Europe. So does the West. NATO can provide that. It certainly has a better chance of doing this than it has of influencing Russia's internal affairs.

NATO does have an important future role. It is to extend its system of international solidarity castward, on terms that guarantee the mutual respect of its members for one another's interests, and respect of their commitment to negotiation and the peaceful adjudication of conflicts. If it succeeds in that, it stabilizes the geopolitical terrain that Russia occapies, and that is good for everyone.

International Herald Tribune. O Los Angeles Times Syndicate.

provocations.

The United Nations and NATO Have a Responsibility to Save Bosnia

By Charles A. Forrest

7AGREB, Croatia - Now that the Clinton administra-tion has apparently decided to join with its European allies to settle against its wishes." appease Serbian aggression, ef-Having myself spent the last

How Can the West Help?

Not by Dropping Bombs

By Misha Glenny

500 kilometers from Budapest, edonia in the south.

forts are under way to persuade the Bosnians and the rest of the world that the war is over. Even former friends of Bosnia are joining the chorus, the latest being George Kenney, the Foreign Service officer who resigned from the State Department in 1992 in protest against U.S. policy in Bosnia.

In a commentary on this page last Friday, Mr. Kenney argued that the Bosnian government has become a "hard-line, anti-democratic Muslim entity," and that the United States should disabuse the "Muslims" of their "irrational and dangerous belief that the West will eventually come to their rescue," Mr. Kenney bas

CTOCKHOLM — As sbelis

Ocontinued to fall Monday in

the Bihae region of Bosnia - just

where the Conference on Security

and Cooperation in Europe was

meeting - the United States, Brit-

ain, France, Germany and Russia

were trying frantically to establish

a unified, coherent and effective

But there is no good, just or safe solution to the hot war in

Bosnia and the frozen war in Cro-

atia. The world's options range

is confronted with a bill that

keeps rising. The costs stem from

grave diplomatie and political er-

rors committed after the Yugo-

slav federation collapsed in 1991.

possible consequences: a com-

plete carving up of Bosnia-Herze-

govina between Serbs and

Croats; a full-scale Balkan war;

dissolution of NATO; collapse of

U.S.-Russian cooperation, lead-

ing to the throttling of the United

Nations Security Council's ability

re-establishment of the hostile

If the world accepted the ad-

vice of Senator Bob Dole and

former Prime Minister Margaret

Thatcher, these consequences

would be likely to close in on us

To offer large-scale military

support to the Bosnian govern-

ment would trigger a ferocious re-

sponse from Belgrade. It would also place nearly intolerable

strains on the fragile peace that has existed since January 1992 be-

tween Croats and Serbs in Croatia.

Britain, France, Germany, Russia and now President Bill

Clinton are firmly against going

to war on behalf of the Bosnian

government because they are con-

vinced that this would threaten

stability in Southeastern Europe.

troops from Bosnia that Newt

Gingrich has suggested would

cause untold suffering. The Bos-

nian government would under-

standably attempt to confiscate

all UN equipment, including beavy artillery. The Serbs, who fear that a pullout would preface

large-scale air attacks, would pre-

vent a withdrawal by force if nec-

essary. NATO would then be

compelled to engage in bloody

And once the UN is gone, not

nothing to stop a tremendous es-

The British and the French are

now openly considering a with-

drawal and the UN's patience

In an unprecedented outburst.

Thant Myint-U, a UN spokes-

man in Sarajevo, has accused the

Bosnian Serbs of effectively wag-

ing war against the peacekeepers. comment to The New York Times.

calation in the fighting.

is running very low.

battles to secure the pullout.

And the withdrawal of UN

to regulate international crises:

division of Europe.

like a garrote.

The following are some of the

The five-nation contact group

from very bad to disastrous.

policy on the Balkan crisis.

decided that "the West should make the Bosnian government

eight months in Sarajevo as a member of the United Nations Protection Force, and having now submitted my resignation after the force's craven refusal to protect the "safe area" of Bihac, I can sympathize with Mr. Kenney. But that is no reason to condemn Bosnia to death.

Despite the setbacks in Bihac, Bosnia is not dead yet. Even Bihac is still bolding out, two weeks after Lieutenant General Michael Rose, the UN force's commander in Bosnia, decreed that it could not be defended. If the "Muslims," as Mr. Ken-

ney calls the Bosnian govern-

A full-scale Bosnian and Cro-

One of the Clinton administra-

tion's unsung foreign policy suc-

cesses has been its stabilizing in-

fluence on the southern Balkans.

By using skilled backdoor diplo-

macy and cooperating with the

United Nations in Macedonia,

where 500 American marines are

stanioned as part of a UN peace-

keeping force, Washington has

helped to ensure that the myriad

disputes between states in the re-

As for Bosnia, the contact

gion have not erupted in violence.

group's policy hardly inspires

confidence. But the group has found a most unlikely ally in Slo-

bodan Milosevic, Serbia's presi-

dent. His commitment to the

peace plan is genuine because

Serbia's economie and pobiical

isolation is beginning to under-

mine the only goal he holds dear:

his domination of Serbia proper.

But this onetime master puppe-teer, who nurtured the Serbian

nationalists of Bosnia and Cro-

ana, is no longer able to force his

proteges to sing and dance to any

tune he chooses to play. Radovan Karadzic and the rest

of the Bosnian Serbian leadership

would agree to a revised peace

plan, but only if they received the

Muslims' eastern enclaves of

Gorazde, Srebrenica and Zepa, a

widening of the strategie Posa-

The partition of Bosnia has al-

ready taken place, thanks to the

March 1994 Washington agree-ment, inspired by President Clin-

ton's team, which established a

confederation between Croatia

and the Muslims and Croats in

Bosnia. It is illogical now not to

give the Bosnian Serbs a similar

So the contact group must hold

relationship with Belgrade.

part of Sarajevo.

itself to be humiliated?

atian war in the north would

place tremendous strains on Mac-

ment, still cling to an "irrational belief" that the West should protect them, it is because a dozen Security Council resolutions and the absolute moral principle that aggression and genocide cannot be tolerated require that the West should.

And the Bosnian government is not, by any stretch of the imagination, a "hard-line, anti-demo-

Faced with the prospect of having their country divided between Croada and Serbia, the Bosnian Muslims have naturally sought their own identity. Any expression of this identity is seized upon by the Serbs and their allies in the West, particularly in France, which fears the growth Europe, as evidence that the religious society.
The Bosnian Serbs do not even

cratic Muslim entity."

of Islamic fundamentalism in

Bosnian government is beaded for Iranian-style repression. But there are still Croats and Serbs in the Bosnian government, and official policy is still the maintenance of a mulnethnic, multi-

pretend that the ideological foundation of their "state" is anything but pure racism. They offer the non-Serbs in their territory nothing but the prospect of deportation or death or a permanent status as subhumans. If Sarajevo surrenders, there will not simply

be a change in government, there will be killing and "ethnic cleansing" on a massive scale. The correct response to Serbian attacks on the "safe areas" and Serbian harassment of the UN force is not to back down or pull

tack on Bihac, General Rose did nothing. Two weeks before the Serbs pushed to the edge of the "safe area," he predicted that Bi-hac would fall. Only when it was too late to make a difference did the UN force act, calling in NATO. air strikes against an airfield and

out, but for NATO and the UN

force to strengthen their resolve.

The crisis facing the UN force today is the result of its policy of

refusing to respond to Serbian

started massing forces for an at-

Last month, when the Serbs

surface-to-air missiles but not against the Serbs' heavy weapons. I have heard General Rose exress contempt for the Bosnians. I believe he felt that Bihac deserved to fall because the Bosnians had dared to launch an attack. against the Serbs from the pocket. Obviously, the result of the illconceived Bosnian attack has been disastrous. But after six months without the arrival of a single humanitarian aid convoy, if is easy to understand the despera-tion felt by Bihac's defenders.

Despite the UN force's inaction, Bihac, Gorazde and Sarajevo are still "safe areas" declared by the Security Council. The UN Protec-tion Force and NATO still have an obligation to defend them.

Instead of planning for withdrawal - a logistic nightmare that would undoubtedly result in many casualties and possibly set off a wider Balkan war - the force should accept the responsibility of calling in NATO air power in a timely and preventive fashion. There really is no other option.

The unwillingness of General Rose and Yasushi Akashi, the senior civilian UN force official, to use NATO air power was ostensinel. But by refusing to use this tool they have endangered their personnel and the people living in the "safe areas."

The mere threat of air strikes was enough to stop two years of shelling of Sarajevo. So the UN force should have recognized the power of the weapon at its disposal. By making clear that it would not be used, or would be used only in a symbolic fashion, the force

Once Britain and France accepted the principle that their troops in Bosnia were bostages to the Serbs, they embarked on a long road of appeasement.

Suggestions that Bosnia should give up, and that America should cooperate with European appeasement, will not solve the problem or end the carnage. All they will do is condemn a member state of the United Nations to extinction, condemn thousands to death or exile, and condemn the West to repeat the history we thought had finally ended.

The writer, an American, was liaison officer at the UN Office of the Special Coordinator for Sarajevo until his resignation on Monday. He contributed this comment to the In-

in the Los Angeles Times. ternational Herald Tribune.

1894: 'Salon du Cycle'

PARIS - The exhibition of cyeles, bi and tri, otherwise known as the Salou du Cycle, in the Palais de l'Industrie, was formally opened yesterday [Dec. 7]. The show is, of course, highly interesting, and many splendid machines are on view. But there is no striking novelty, save except the bamboo frames, which reduce the weight of a substantial bicycle to about sixteen pounds. Decidedly bamboo has a great future in store if it can be relied on for solidity, which yet remains to be proved. However, none of the petroleum cycles, about which there has been so

LONDON - Great controversy is raging over the anti-snobbery

IN OUR PAGES: 100, 75 AND 50 YEARS AGO schools of England. Eton and Harrow seem the chief victims, because smartness in dress, including the proverbial top-hat, signify snobbery to the "plebs" who are incapable of judging the difference between manners and refinement on the one hand and conceit and pose on the other.

STRASBOURG, France [From our New York edition:]
The Civil Affairs office of the United States 7th Army saved from starvation today [Dec. 7] 115 Russian girls and boys whom the Germans had dragged out of Ukraine two years ago and used as slave workers in Germany and Alsace. The Russians, who were discovered by a group of war correspondents, had received no rations for two weeks. Their existence was not campaign of the great public known by any authorities.

Protect Protectors Who Don't Protect

THE most succinct summary of the British government's absurd position on Bosnia runs like this: The Bosnians cannot be allowed to protect themselves, because this would endanger the troops sent there to protect them but who failed to do so.

The British government's position involves another absurdity: that we should not only abandon the legitimate government of Bosnia to its fate, but we should do all in our power to prevent the Americans from coming to its aid, even at the price of a catastrophic trans-Atlantic rift. We are left with the truly bizarre fact that while there is no political

will in Britain to save the Bosnians from aggression and ethnic cleansing, there are great hidden reserves of political will and invective to prevent the Americans from doing so.

- Brendan Simms, director of studies in history, Peterhouse, Cambridge, writing in The Independent (London).

This European Disunion Is Costly

E UROPEANS are painfully aware that their priorities are in-creasingly divergent. Around France, countries to the south are looking across the Mediterranean to the Maghreb with growing sense of vulnerability and fear. Countries to the north, around Germany, are giving priority to the enlargement of the European Union in East-Central Europe.

On Bosnia, Europeans have exposed their divisions (rather than sending them), their lack of political will, and their failure to perceive the moral and symbolic cost of overcautiousness in the face of suffering of other Europeans. They have not been able to count on Americans to stop the fighting. Worse, the protracted war has strained and divided the Atlantic alliance. Europeans are ultimately the only ones responsible for other

Europeans. Although it cannot be calculated, the cost of nonintervention is proving higher than that of interference.

- Dominique Moisi and Michael Mertes. writing in Foreign Affairs (New York).

Who Says It's Too Late to Save Bosnia?

the pitiful and portentous failure of the League of Nations, predecessor to the United Nations, and of major governments to deal with aggression, violence and contempt for international obligations in the 1930s. Those who would dismiss the

vina corridor in the north, and tragedy in Bosnia as of no consequence except to the Bosnians Can the West afford to make should be required to study the further concessions to the Bosniearlier disgrace and ponder its an Serbs now that it has allowed consequences.

Ten or 20 years from now, the failure in Bosnia may be recalled with the same despair as were the events of the 1930s, during and after World War II. The historians of the next century may write that the triumph of Serbian aggression, confirmed by the with-drawal of NATO and UN forces and by the incoherence of U.S. policy, was a dark turning point.

violence spreading across Eastern Europe, the former Soviet Union,

Africa and the Middle East -

violence employing ever more de-

on to its position and apply all possible pressure on the Bosnian They may have to write that Bosnia was followed by the self-destruction of the United Na-Serbs to come to a deal. This it can do only through Mr. Milosevic. rions as an instrument for the The international community prevention and punishment of aggression, and the return of the United States to irresponsible must impress upon President Milosevic that unless he can perisolationism. They may have to suade Bosnian Serbs to say "yes" chronicle a succession of Bosnias to the contact group's peace plan, there will be no lifting of UN perpetrated by people ready to find rewards through killing, with

sanctions against Serbia. This is perhaps neither bonoronly will civilians in Bosnia lose able nor even probable, but the their access to aid, there will be international community has been guided by neither honor nor mtelligence in this crisis. Perhaps those of us working in

the Balkans bave become jaundiced beyond rational thought. But I no longer see a way out. I see only dark times ahead. The writer, author of "The Fall

of Yugoslavia," contributed this

T HIS sickening situation is of the fatalistic arguments that it is too late to save the victims of aggression in Bosnia, or that domestic political constraints in the United States and the other NATO countries are insurmountable, or that the United States and Western Europe should not risk discord with Moscow, or that the United Nations is the prob-

lem and not the solution. Rejecting fatalistic arguments requires that leaders, parliaments and general publics be aware of how their counterparts in the 1930s behaved, and with what consequences.

- Gaddis Smith, director of the Yale Center for

International Studies, writing

1944: Russians Rescued

structive weapons. The first step toward a resolution in Bosnia should be to take all necessary steps for the fulfillment of the peace plan proposed much talk, are in the exhibition. earlier this year by the United 1919: Fancy Schools States, Britain, France, Germany and Russia - and accepted by the Bosnian government This means resolute rejection

bly motivated by concern for the safety of the UN force's personthrew away its own protection.

O P I N I O N

The Intriguing Gore Differences

WASHINGTON — Why are Al Gore's approval ratings consistently higher than those of Bill Clinton when the vice president faithfully reflects the policies and predilections of his president, allowmg not a sunbeam of difference to

separate them?
I did not put the question directly to Mr. Gore in a conversation the other day. He is obviously too mod-est, and/or too smart, to compare himself to his boss in an interview.

But it hovered at the edge of our talk. As Mr. Gore spoke, a hypothesis that needs vigorous testing suggested itself: He has developed an ahili-

In many ways this deft young politician is the polar opposite of his boss.

ty to take strong positions on cutting-edge issues without making himself the center of the argument. In that respect, this cheerful, can-do youthful Southerner is the polar opposite of the moody, beleaguered youthful Southerner he serves.

Mr. Gore bas over the years carved out the global environment, population control and the empowerment of women as his issues. This agenda would seem in this time of the "angry white male" to risk having its champion tarred as kooky or radical. Such at least is the conventional wisdom after the Nov. 8 Republican congressional victories.

But Mr. Gore, who fashioned a surprising consensus with the Vatican on population stabilization at the United Nations Population Conference in Cairo in September. softly says that the administration is not going to retreat an inch on its population stabilization programs. Nor will it yield on its commitment to helping other countries move toward three interrelated goals: giving women more power over deciding family size and other issues, increasmg child survival rates, and providing "culturally appropriate" hirth control and contraceptive knowl-

:22:

edge, devices and techniques.
What emerged from the Cairo conference was a more sophisticated intellectual agreement on the true nature of the challenge," Mr. Gore said. "The world has acknowledged there is a systemic problem" that requires simultaneous efforts in the Third World "to shift from high birth and death rates to low birth and death rates,"

T know there are some Republicans who strongly agree with policies that are consistent with these goals,"

By Jim Hoagland

"There is also a determined minority population growth.

"knows that it is unsustainable to add a China to the world's population every 10 years," Mr. Gore added. "And I imagine those who voted for Proposition 187 in California this state aid to illegal immigrants.

Birth control "is not seen as a woman's issue," the vice president asserted, rejecting the idea that the swerve to the right hy male voters on Nov. 8 represented a political repudiation of the gender-oriented views espoused by the president, Hillary Rodham Clinton and himself.

Then the angry white male vote was not a reaction to the administration's commitment to the empowerment of women? "I don't think it is, in this context," Mr. Gore replied. In any other context? He paused and spoke with even greater care: "I'd like to think not. But I would want to reflect on that." It may contain some expression "of resentment over our efforts to remove historic discrimination."

The Cairo conference's final declaration on population stabilization was the first such document that the Vatican did not dissociate itself that would want to eliminate these from, a result that had something to programs." But that minority will do with Mr. Gore's conciliatory aphave to contend with "an American proach. The conference also provided new visibility for the increasing ed new visibility for the increasing ble and effective policy to stabilize role that be is taking on in foreign affairs. While in Cairo, he held sub-The "vast majority" of Americans stantive talks with President Hosni Mubarak of Egypt that established a bilateral commission similar to the one he established last year with Russian officials.

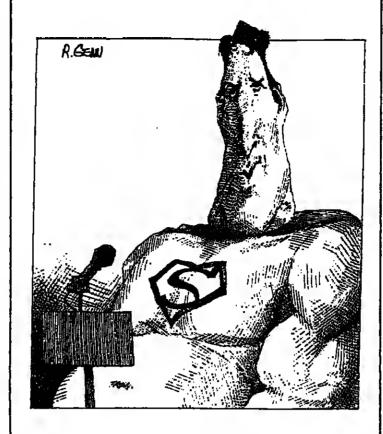
صكذا من الاعل

Mr. Gore leaves Tuesday for a year would argue that the world cannot afford to add another Mexico every year." Proposition 187 restricts prime Minister Viktor Chernomyrstate aid to illegal immigrants. telephone every two weeks or so. He also went through a long list of projects he is working on in Latin America, South Africa and elsewhere.

"I feel very good about it." he said when I asked about his growing foreign policy role. Quickly, however, he moved the spotlight away from himself: "I am only one of the people is the people in the people in the people is the people in the people is the people in the people in the people in the people in the people is the people in the ple in the administration working on these things. The entire cahinet has been fantastic."

Such is the modesty, or perhaps the cleverness, of a deft politician who has his gaze fixed in the distance. Popular vice presidents above all obey an ancient injunction: Never insult the future. There is so much of it still to come.

The Washington Post.



LETTERS TO THE EDITOR

A Bangladesh Update

Betsy Hartmann, in "Population: Bangladesh Is No Model" (Opinion, Sept. 30), made observations based on her experience working in Bangla-desh in 1975. This was at a time when national population policy was not declared and our family planning program with its "caleteria" approach of contraceptives was not in operation. Obviously, her understanding of the program is outdated. Experts around the world consid-

er the Bangladesh family planning program a success story and deem it worthy of emulation. Bangladesh achieved this success even though other socioeconomic conditions were not conducive to such a rapid fertility decline. The conventional wisdom that "development is the best contraceptive" did not apply here. Allow me to highlight a few areas of success in family planning achieved in Bangladesh.

 Knowledge of family planning Mr. Gore said, mentioning Representative John Porter of Illinois and Senator Alan Simpson of Wyoming. is universal. Some 98 percent of all eligible couples know at least one method of family planning.

• In 1975, only 7.7 percent of eligible couples were practicing some kind of contraception. The figure increased to 45.1 percent in 1993-94. The average annual increase of Bangladesh for the last 15 years is one of the highest of all Muslim countries.

 The infant mortality rate was 150 per 1,000 live births in 1975. It is now 88 per 1,000. Maternal mortality is down from 7 per 1,000 in 1975 to 5 per 1,000 today.

The claim that there was a coercive campaign by the army in 1983 to sterilize women in a poor tribal community is unfounded. Of course, there are many chal-lenges ahead for Bangladesh. The

country has to address the population problem more intensively. But the Bangladesh family planning program is now one of the five most successful programs in the world, as evaluated by the UN Fam-

DHIRAJ KUMAR NATH Deputy Secretary. Ministry of Health and Family Welfare. Dhaka, Bangladesh.

ily Planning Agency.

Red Carpets Are No Cure

I have lived for 23 years in a privileged area — across the street from the Unesco huilding in Paris. I have witnessed the comings and goings of many "congresses" with their enormous attendant costs: installation of red carpets, plants (rentals), tents (rentals), air conditioning systems (rentals), heating systems (rentals) for these tents, 20,000-watt public address systems that rattle our windows (used to call the chauffeurs of the various dignitaries' limou-

surrounding roofs. How many millions of dollars were spent - wasted - during the recent one-day summit conference on AIDS held at the Unesco building? Would it not have been better to devote that to scientific research for the real and ultimate means of stopping this pestilence?

sines); not to mention the strict

police surveillance by uniformed

police and by sharpshooters on

BERNIE DRESNER Paris.

In Jesse Helms's America

Regarding "The American Left Lost Touch and Has Deservedly Been Murdered" (Opinion, Nov. 22) by Michael Tomasky:

The specter of Jesse Helms announcing that if Bill Clinton visits his constituency "he had better bring bodyguards" heaped new embarrassment on the United States. What Mr. Helms will never tell you is that it is he who whipped up this frenzy of hatred; it is Jesse Helms and friends, not the Democrats, who are responsible for the current crisis, in which even shy steps by Bill Clinton to end the war on America's poor, and to revive the idea of reasonable government in the public interest, have brought a great blast of heat from the Hate Zone, Mr. Tomasky's self-flagellation about the state of postmodernism at the university and its alleged connection to the electoral scene reveals that he has no clue of what the real stakes are. They are high, and the next two years look very bleak.

CLAUDE CAHN. Budapest.

The Lobby's Goal: To Get Women to Love the Gun

By Bob Herbert

NEW YORK — The circumstances that led up to the shooting are not clear. One version of the story, according to the police in Jackson, Mississippi, is that late Saturday night 3-year-old Jonathan Hicks, who loved to look at

MEANWHILE

the lights on the family's Christmas tree, was mistaken by his stepmother for a burglar.

The stepmother, whose identity is being withheld, reached for a .380 semiautomatic handgun, went into the living room and fired at the first sign of movement. The boy was shot in the head and died.

Police are still investigating and have not ruled out other, more sinister versions. What is not in dispute is that the presence of a handgun in the stepmother's home, legally or illegally, and for whatever reasons, heightened the chances that something terrible would happen.

Tremendous sums of money have been made from the manufacture and sale of guns in the United States. But with so many men already armed, new markets must be found. The following quotation is taken from an "Editor's Note" in S.H.O.T. Business," a trade journal for the firearms industry:

"An important mission of this magazine is to show our readers how they can expand their customer base, pecially to women and children."

Most of us see homicide as a huge problem, but the blood is not flowing fast enough to suit the firearms industry. It is going after women. Last week the Violence Policy

Center, a research foundation in Washington, released a report titled "Female Persuasion — a Study of How the Firearms Industry Markets to Women and the Reality of Women and Guns." The report explained bow the leading trade association of the firearms industry, the National Shooting Sports Foundation, created a series of shooting competitions called the Ladies Charity Classic Events as a way of introducing women to guns.

The competitions are now run by an offsboot of the national foundation called the Women's Shooting Sports Foundation. The report said: "By utilizing mainstream charities as heneficiaries, the WSSF entices non-gun-owning women to participate in the Ladies Charity Classic Events ... Charities range in size and scope from the 1988 Classic, which benefited a

Houston shelter for ahused women and children, to 1994's benefit for the Houston chapter of the Susan G. Komen Foundation for hreast cancer research and treatment.

"As the National Shooting Sports Foundation noted in 1992, Each [WSSF] regional event will include a shonting clinic prior to the tournament and an association with a charitable cause; both recognized as key factors in motivating women who are not shonters to participate."

It is just about impossible to overstate the insidiousness of seeking out women concerned with issues like domestic violence and breast cancer for the sole purpose of put-ting guns into their hands. But noth-

ing is beneath the gun merchants. What furearms marketers never point out — to men or to women is the extent to which the ready access to guns leads not to selfprotection but to the destruction of gun owners and their loved ones.

An analysis of gun deaths in the home that was published in The New England Journal of Medicine in 1986 found that more than 80 percent of the homicides occurred during arguments or altercations. In those kinds of situations, individuals often reach "for the most lethal weapon readily available."

Guns are particularly dangerous - and particularly dangerous to women - m households that are prone to domestic violence. That is another taboo topic for firearms marketers. So is suicide. Most gun deaths in America are the result of suicide, not homicide.

Men and women are being sold a fraudulent myth by the gun mer-chants. The route to personal safety is not more and more firepower in the hands of more and more Americans.

The Violence Policy Center noted that "research over several decades has consistently shown that a gun in the home is far more likely to be used in suicide, murder or fatal accident than to kill a criminal."

That fact holds no interest for gun merchants, who, like cigarette manufacturers, make a wonderful living from the sweet smell of death.

The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited ma-

BOOKS

NOBODY'S FOOL: The Lives of Danny Kaye By Martin Gottfried. 352 pages. \$24. Simon & Schuster.

Reviewed by Susan Davidson

CONSIDERING Danny
Kaye's worldwide popularity in the '40s, '50s and '60s, it is
surprising that no biography
(except for a piece of puffery
published in Britain a decade ago) has appeared before Mar-tin Gottfried's "Nobody's Fool: The Lives of Danny Kaye." The reason may lie in a news clip Gottfried quotes -Kaye and his wife, Sylvia Fine, warned their only child, the writer Dena Kaye, that "if she ever writes about them she'll be disinherited." Dena so far has maintained her silence — in

maintained her shence — in print, anyway — and presumably her inheritance; Danny Kaye died in 1987 and Sylvia Fine Kaye, four years later.

Why the penchant for privacy? Gottfried, former drama critic for the New York Post and Women's Wear Daily and the problem of comments here, big highauthor of several show biz biographies (Stephen Sondheim, Jed Harris, Bob Fosse), sets the stage by peeling away Danny Kaye's mask of comedy to reveal a complex, possibly manic-depressive,

John Woodridge, an architect and urban planner who was executive director of Washington's Pennsylvania Avenue redevelopment, is reading "Hard to Be Good," short stories by Bill Barich. "He is a typical Californian in that he's much more literate than he lets on."

Danny Kaye, ne David Dan-iel Kaminski, was horn in Brooklyn in 1913, the third son of a saddlebag and corset mak-er, Jacob Kaminski, and his wife, Clara, poor Jewish immi-

In a more affluent part of Brooklyn, Sylvia Fine, a dentist'a daughter, was racking up the school newspaper and skits

possibly bisexual man who had many affairs and spent years in analysis.

Danny Kaye, ne David Daniel Kaminski, was horn in for the varsity show. When she was 12, Sylvia and married in 1940, was "a Fine met Danny in her father's of head on Danny's shoulders," a position Danny both respected and resented. She wrote more

grants from Ukraine who spoke only Yiddish. "Mach vie (make like) Shirley Temple," demand-ed Clara. She died when Danny was 13, but by that time his vocation was apparent. The class clown had made his stage debnt as a watermelon seed while still in kindergarten.

high marks, writing humor for

using one of the dentist's drills to chisel a piece of wood.

> ing in voice, music or drama. vaudeville, a long way from the They lived in separate wings of top of the bill, from dives in the their Beverly Hills house or on sticks to nightchubs in New York opposite coasts. and London, from Broadway
> (where he upstaged Gertrude via's independent career ended Lawrence) to the London Pallain the early '40s. Not true. She

dustry, Gottfried, though never ress); and taught at Yale.

a stylist, is at his best. Fans will

Kaye fans will have som be amused to learn how some of lusions shattered by "Nobody's the shtick Kaye used again and Fool," but it sure is fun. again got started.

Then there are the stories

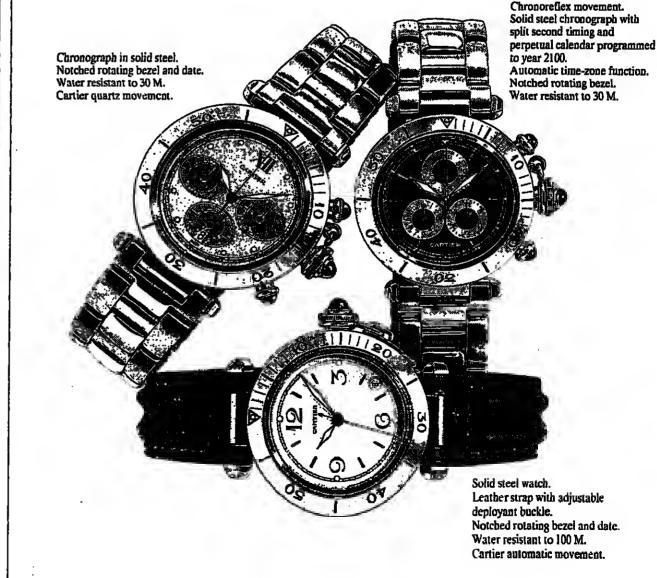
with medicine - Kaye had wanted to be a doctor, but his family could not afford such an education — led him to watch surgeons at work. The love of baseball turned into part owner-ship of the Seattle Mariners.

While on a plane that nearly crashed, Kaye vowed that if he survived the flight he would get a pilot's license, and he did. He also received a request from a fellow passenger on that flight to become Unicer's goodwill am-bassador. Enter Danny Kaye the globe-trotting humanitaria Gottfried writes that Sylvis

brief, since Danny was fired for than 100 songs (both music and lyrics) for him, beginning with a Yiddish version of "The Mika-Sylvia went to college (Hunter do," directed his career, man-and Brooklyn). Danny had little aged their finances and took a formal education and no trainfessional partnership was strong Instead he worked his way up and symbiotic, but the same can-from the Catskills to touring in not be said for their marriage

dium (where the reviews were was a brilliant wit who put raves and Kaye became the dar-ling of royalty, onstage and off). words in her actor-husband's mouth for 40 years; wrote, pro-Movies and television followed. duced and performed in the In describing the early days of 1979 Peabody Award-winning Kaye's career, when entertainment was quaint compared with today's bottom-line-driven in-way, at the Library of Con-Kaye fans will have some il

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BRIDGE

By Alan Truscott NEWSPAPER columns col-lected in book form tend to be dull reading, but there are exceptions. One of them is "Get Smarter at Bridge" by Phillip Alder. Some of his deals show the author's addiction to P. G. Woodhouse and the television show " Get Smart."

The book can be ordered by writing to him at P.O. Box 169, Roslyn Heights, L.I. 11577-0169, and the cost is \$14.95 including mailing. On the diagramed deal Alder

challenged the reader to count the number of malapropisms. Start counting as you read the text:

"The stakes were expansive, very extensive. North had just

bid and made seven no-trump. This was the secant deal. "West had a normal pre-eminent opening of five clubs. North bid six clubs to show a Stroganoff two-suiter, but not necessarily that shapely and sarong. The rest of the bidding contained three ill-advertised

"Declarer thumped the clubace lead in hand. He dashed one round of trumps with dummy's

tions to hearts. When West ab-sconded on the first round and couldn't bluff, it was an easy drew East's two trumps and "North-South ... corrected so

much money they were sudden-

king before twitching his attenjob for South to snuff out East's heart queen. Declarer retrained to dummy with a diamond ruff,

♥Q7432

about Kaye the fanatic, always pushing to excel. A fascination this for The Washington Post. Herald Eribune LIVING IN THE U.S.?

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HEALTH/SCIENCE

Hubble Fills In Creation Details

By Kathy Sawyer
Washington Past Service

ASHINGTON --- After decades of trying, astronomers have unveiled for the first time the color and shape of galaxies formed when the universe was as little as one-tenth its present age. The new images from the Hubble Space Telescope, released at NASA's Goddard Space Flight Center, bolstered a fundamental tenet of the leading the-

ory of creation, known as the Big Bang. but also instantly created another zone of controversy at the theory's heart. By training the telescope oo some of the most distant galaxies known, the three teams used the Hubble to dig back through time and space, in the same way archaeologists dig through ever deeper layers of rock to find fossils. Astronomers have always used telescopes in this way -- as time machines to capture light emitted millions or billions of years ago.

Such observations provide an image of the past, like fossils encoded in startight. But until now, glimmerings from the infant universe remained beyond range. Many of the galaxies in the new images appear to be surprisingly old, populated with stars glowing a dull red — a sign of stellar old age — even though they inhabit the universe that existed within a mere 2 billion years after the Big Bang. (The aging sun eventually will dim and glow red — but oot for another five or six billioo years.)

The paradox, as the scientists described it, is to find "grown-up galaxies

with shards and shreds of unidentified Telescope Science Institute in Baltimore, bght sources in configurations unknown in the present-day universe, some of them possible ancestors of spiral galaxies

like the Earth's galaxy, the Milky Way. "The evidence is very chaotic," and "marvelously complex," said Bruce Margon, an astronomy professor and chairman of the department at the University of Washington in Seattle. He called the new findings "impressive and depressing." since there is no single theme, but rather "a mishmash."

The Big Bang holds that the universe is not in a static, unchanging "steady state." but has been expanding and changing since the initial moment of explosive creation. Since the theory became popular in the 1950s, astronomers have sought a glimpse of a time when the universe looked different. But objects in the epoch of the first galaxy formation are at such distances that the largest ground-based telescopes see even the most brilliant objects among them (quasars, or quasi-stellar objects, believed to be the violently active cores of young galaxies) as no more than fuzzballs of light, lacking all detail.

OW the Hubble, positioned above the Earth's atmosphere and using precisioo optics for photographic exposures of up to 18 hours, has defuzzed the fuzzballs, revealing details of structure and nature. It is like "seeing noses and eyebrows on previously blank faces," said team leader lan Dressler of the Carnegie Institution of Washington.

We have very likely identified the in an infant universe."

Some of the images released Tuesday resemble a dipper of cosmic pond water.

We have very likely identified the long-sought population of primeval galaxies," said Ducchio Macchetto of the European Space Agency and the Space

another team leader. Dr. Macchetto and a colleague, Mauro Giavalisco, identified a cluster of 16 primeval galaxies in the constellation Sculptor.

The very presence of the cluster shows that these large structures already existed 2 billion years after the Big Bang. This is unexpected and counter to many theories of cluster and galaxy formation," Dr. Machetto said. Because it takes a billion years to form the type of galaxies they found --- egg-shaped galaxies known as ellipticals -- they must bave begun to take shape as little as a billion years after the Big Bang. (For purposes of the discussioo, the teams selected an arbitrary age for the universe of 14 bil-

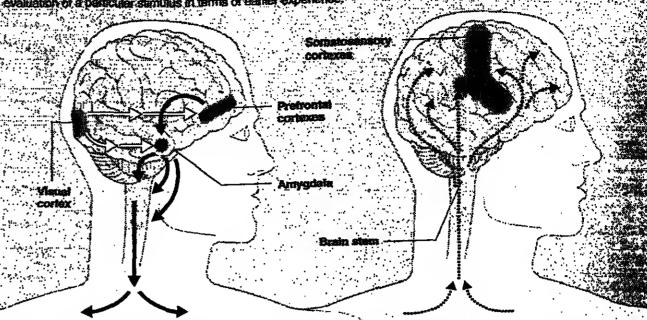
lion years.) A team led by Mark Dickinson, also of the Space Telescope Science Institute, found a similar scene when it studied a cluster of closer galaxies as they existed when the universe had matured to nearly one-third its current age: more galaxies that appeared to contain populations of

"This has immediate cosmological implications, since the universe must have been old enough to accommodate them," Dr. Dickinson said. Theories bolding that the universe is expanding very rap-idly and is therefore at the young end of the theoretical range "leave little time for these galaxies to form and evolve" to the stage of maturity seen in the images.

Dr. Dickinsoo tonk one of the Hubble's longest exposures ever, revealing what he called "a bewildering range of galaxy shapes. The Hubble image is like looking at a drop of pond water under a microscope, where we see a meoagerie of

Following the Brain's Wiring Diagram for Emotional Reactions

Researchers now believe that traceable physical pathways are responsible for emotional reactions. The necessary basis for leelings, the new research holds, is a perception of both body changes and cognitive changes induced by the evaluation of a particular stimulus in terms of earlier experience.



PROCESSING A PERCEPTION

The perception of a trigger stimulus, like the face of a loved one, in the visual cortex and the association cortexes causes parallel signals to go to limbic system structures like the amyodala and to prefrontal cortexes. The prefrontal cortexes send signals to the amygdala, and amygdala signals the hypothalamus and brain stem.

Source: Dr. Antonio Demasio/Liniversity of lowar

PROCESSING THE REACTION Signals from the hypothalamus and brain stem generate an emotional body state, which is then signaled to several somatosensbry cortexes. But the neurotransmitter nuclei in the brain stem also signal many areas of the cerebral; cortex and subcortical regions with neurotransmitters. Signals following these pathways cause widespread: alterations in how the system handles information.

The Physical Roots of Emotion

• The body, as represented in the brain,

is the frame of reference for what humans

experience as mind. Our thoughts and ac-

tions — our sense of subjectivity — uses

great difficulty thinking about the future.

neural circuits underlying emotion stems

from experiments on animals. Dr. Joseph

LeDoux, a professor of neurobiology at

New York University and a pioneer in

such research, said that a basic emotion

like fear and the circuits that support its

expression were highly conserved through

Understanding fear mechanisms in ani-

mals, be said, sheds light on human fears

and may help researchers study other emotions. The work is important because many

psychiatric disorders, including anxiety,

phobias, post-traumatic stress syndrome

and panic attacks involve malfunctions in

Much of the research is centered on the

the brain's ability to control fear, he said.

amygdala, a tiny structure deep in the

brain that is crucial for the formation of

memories about significant emotional ex-

"forgets" to be afraid.

evolution.

Much of the new information about the

By Sandra Blakeslee New York Times Service

EW YORK - Imagine walking along a jungle path in the twilight and hearing a lion roar. Your skin turns clammy, a knot forms in your stomach and you can taste the fear rising in your throat.

Now imagine walking along a zoo path at the same time of the evening and hearing the same sound. This time you do not feel afraid.

The reason, scientists say, has to do with how emotions and feelings are processed in the brain. External sensations (the roar) and memories (lions are locked up in the zoo) interact along complex circuits to generate our emotional reactions — in this case, to not be afraid.

Those neural circuits — networks of cells that crisscross the brain and send projections throughout the body - are now being delineated in unprecedented detail by a handful of oeuroscientists who say the biological nature of emotions and feelings can at last be described.

Until recently, brain researchers focused most of their attention on the biological basis of cognitive processes such as perception and memory, said Dr. John Allman, a professor of neurobiology at the California Institute of Technology. They tended to ignore emotion, he said, in the belief that emotions and rational thought are separate activities and that emotions are just too

difficult to understand biologically.
This attitude is now changing, Dr. Allman said, as researchers have come to realize that emotional brain circuits are just as tangible as circuits for seeing, bear-

ing and touching.
In this view, emotions and feelings are not, as poets and philosophers say, ephemeral reflections of the burnan soul. Rather, emotions are largely the brain's interpreta-tion of our visceral reaction to the world at

large.
Pioneering experiments on emotions have turned up some interesting concepts: • Emotional memories involving fear are permanently ingrained into the brain;

they can be suppressed but never erased.

To trace the cell networks involved in fear, Dr. LeDoux and his colleagues first cooditioned rats by pairing a loud noise with a mild electric shock to their feet. The rats soon showed fear when they

heard the noise without the shock. The researchers presume fear conditioning occurs because the shock modifies the way in which neurons in several brain regions interpret the sound of the stimulus.

In time, bowever, the rats gradually lose their fear of the sound. Some part of the rat's brain outside the amygdala seems to control the fear response, Dr. LeDoux said. But it does not eliminate it.

In further experiments, in which researchers damaged a small region of the rat forebrain, the rats oot only did not lose

their fear but remained afraid much longer, indicating that the frontal region helps control emotional memories forged in the amygdala and may prevent responses that are no longer useful.

the body as a yardstick. This finding explains why a person who hears a lico's roar in a zoo is not afraid, Dr. LeDoux explained. Input from the frontal · Emotions are an integral part of the ability to reason. While too much emotion can impair reasoning, a lack of emotion area of the brain helps override the fear. can be equally harmful. · Gut feelings and intuition are indis-.But problems with this circuit may underpensable tools for rational decision-maklie phobias, he said. Some people respond. ing, without them humans would have with fear to a stimulus such as a hon's roar,

even though they know there is no danger. "You can tell phobics all day long, "This will not burt you," Dr. LeDoux said. "but they don't believe it." While animal experiments have helped scientists trace exact pathways for fear, the question of how emotions such as joy, sadness, anger or shame are wired in the

human brain is more difficult to answer. Psychologists and philosophers have long examined emotions and their impact on behavior, but they have done so by observing what people do and say. Few bave ventured into the so-called "black box" of the brain.

UT advanced imaging tech-niques that can look inside the brains of subjects while they talk about feelings and experiences are beginning to lead to a neurobiology of emotions. People with brain damage are particularly revealing in this regard. When specific parts of the brain are damaged. patients may lose the ability to feel emotions, sometimes with disastrous conse

Pioneering work in this area is under way at the University of Iowa Medical School, where Dr. Antonio Damasio leads a team that is probing the brains of stroke and accident victims whose personalities have been affected by their injury.

Dr. Damasio described his ideas in a book called "Descartes' Error." The philosopher René Descartes held that morality, reason, language and spirit were held in the lofty brain whereas biology, emotions and animal instincts reside in the body, Dr. Damasio said. The new neurobiology of emotions seeks to overturn this

Prostate Cancer: Too Few Studies remain up to patients to an extent that is By Jane E. Brody found with few other conditions. New York Times Service

EW YORK - Despite com-plaints that women's bealth issues bave been relatively neglected by medical researchers, when it comes to cancer of the prostate, the opposite argument can easily be made.

Breast cancer, the woman's disease that comes closest to it in incidence, death rates and age of onset, has been the subject of many well-designed clinical trials that have resulted in improved survival chances and a reduced need for mastectomy. No such attention has been paid to pros-

tate cancer, which will eventually strike I man in 11. This is a disease with a rapidly rising incidence, mainly as a result of ad-vances in early detection, which are themselves controversial.

The death rate from prostate cancer has been steadily increasing, but there have been only modest improvements in treatments, which still leave a substantial portion of men with the devastating complications of impotence and incontinence.

This year, 38,000 American men will die ostate cancer, which is ex thal to black men in the United States. Another 200,000 meo will face treatment decisions that cannot be based on definitive clinical trials because such trials, only recently begun, will oot produce conclu-

sive findings for a decade or more.

Treatment decisions — about whether to be treated at all and, if so, how -

The patients must take into consideration complex issues like the extent and aggressiveness of the tumor, their current bealth status and life expectancy, the importance of full sexual functioning, the willingness to bave frequent checkups and living with the knowledge that the body harbors a cancer.

Since the mid-1980s there has been an increase exceeding 600 percent in new cases of prostate cancer, largely because of the ever-growing use of a simple blood test called PSA, which measures an enzyme produced by the prostate gland. When cancer is present, the PSA level rises. The larger the tumor and the more aggressive its growth, the higher the PSA level gets and the faster it rises.

But the PSA level does oot rise only with potentially lethal cancers. It can also indicate the presence of very small, slow-growing tumors that are unlikely to threaten a man's health during his remaining years of

Autopsy studies iodicate that 40 percent of men over 50 unknowingly harbor tiny ers in their prostates. of these cancers will grow into a life-threatening cancer, but there is no certain way to know which will and which will oot.

So when such a tumor is found during a man's life, he faces the distressing question

of wbat, if anything, to do about it.
The choices include doing nothing at all: "watchful waiting," as urologists put it, until and unless the tumor enlarges to a point where treatment becomes clearly advisable to stem its growth.

But while a tiny prostate cancer may be completely curable with radical surgery or radiation therapy, if treatment is delayed, the cancer could spread beyond the point of cure between periodic checkups.

On the other band, if the man chooses radical surgery — prostatectomy — which is thought to produce the highest cure rate when the cancer is still confined to the gland, be risks permanent impotence, stress incootinence and, to a much smaller degree, complete incontinence.

N alternative to surgery is seven weeks of radiation therapy five days a week, which also carries a risk, though smaller than with surgery, of causiog lasting impotence and incontinence. In addition, radiation is con-sidered less effective than surgery in achieving a permanent cure.

Finally, there is hormonal therapy, which involves removing the stimulating effects of testosterooe oo the prostate s can be achie removing the testicles or by sbutting down testicular function chemically.

The bormooal approach buys time but does not cure the cancer. It is usually reserved for men whose tumors have spread and for those who, for bealth or other reasons, are unsuitable candidates for surgery or radiation.

Genetic Clues to Suntan and Cancer

solved the mystery of and it is not a pretty picture.

Tanning happens when the body tries to excise and dispose promote a tan without genetic

EW YORK — Researchers have partly stroying cellular DNA.

On a more positive oote, the what causes a suotan, researchers said it might be posof damaged genetic material, scientists reported. In the process, they said, the skin erects a damage — and without dyes that make skin lonk more orcess, they said, the skin erects a

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Herald Eribune

on bow human skin respoods to damaging sunlight.

An estimated 700,000 Americans develop skin cancer each year, largely as a result of exposure to ultraviolet light, according to the American Cancer Society; 32,000 develop malignant melanoma, a lethal form of skin cancer that is being diagnosed more frequently all over the

The incidence of melanoma has doubled in the United States within the last 20 years, according to the National Can-cer Institute. Among white Americans, the probability of developing melanoma is 1 in 88, according to the most recent cancer surveillance statistics compiled by the institute.

The new finding about the process of tanning is described in Nature magazine by Dr. Bar-bara A. Gilchrest, professor and chairwoman of dermatology at Boston University School of Medicioe, and her col-

It has long been known that tanning is the body's major ef-fort at protection against sum damage, Dr. Gilchrest said. But the process itself in some people can lead to cancer.

Part of the key to the paradox lies in the steps leading from sun exposure to suntan, which were not known until now. The

Possible new tanning lotions new research unlocks an imporaside, the discovery is impor-tant piece of the puzzle, she tant because it provides insights

The first step is that sunlight penetrates the upper layers of skin, Dr. Gilchrest said. Ultraviolet radiation, which is highly energetic, bombards the basic units of DNA inside skin cell nuclei, causing many of them to fuse into nonfunctional fragments. The process of repairing such errors can go awry and lead to cancer, she said.

Once this damage occurs, the cell nucleus releases repair enzymes that snip out the damaged DNA fragments, Dr. Gilchrest said. The enzymes then help generate oew DNA to replace the damaged fragments.
The tanning response is initi-

ated by this cutting process, Dr. Gilchrest said. The fragments and enzymes somehow stimolate pigment cells, found in up-per layers of the skin, to produce melanio, a black substance that absorbs ultravio-

Melaoio is distributed throughout the upper skin layer in caps like little umbrellas, she said. Its role is to protect the DNA in lower layers of skin

The signal by which sunlight stimulates melanin to pour out of pigment cells is unknown. Gilchrest said. But the DNA repair enzymes greatly speed up the process.

Sandra Blakeslee

Breakthrough Math Technique

ASHINGTON - Two physicists have devised a revolutioo-ary mathematical technique that makes many problems m four-dimensional space far easier to calculate and may ultimately help explain ooe of the most vexing questions in physical science: How the elusive subatomic particles called quarks combine to form protons, neutrons and other components of

By Curt Suplee
Washington Post Service

Edward Witten of the Institute for Advanced Studies in Princeton, New Jersey. and Nathan Seiberg, a Rutgers professor, recently found a way -- called "supersymmetry - to convert four-dimensional equations so complex that they could be solved only partially on supercomputers into a two-dimensional form that can be

calculated with pencil and paper.

"It's a real breakthrough," said Rutgers physicist Stephen Shenker. "A year and a half ago I would never have dreamed that results of this power could be obtained." Mathematician Sylvain Cappell of the Courant Institute of Mathematics at New York University, who is visiting at the institute this semester, said that "it radically simplifies our uoderstanding of four-dimensional geometry and makes it possible for us to attack whole new problems in

Solving equations that involve four dimensions - such as three spatial dimensions plus time, which happens to be the way our physical universe is constructed is remarkably difficult. "You can think of dimensions as corresponding to numbers of variables in a problem," Dr. Cappell said. Two variables make a graph. Three make a three-dimensional shape." However, "almost all real problems in real life involve many variables." Low numbers of dimensions have the advantage of simplic-ity: Results can be easily visualized. High numbers allow for constructing complex relationships. But four, Dr. Cappell said, "is too high to able to see everything and too low to be able to carry out big con-structions. It falls in between."

T also poses difficulties for certain kinds of calculations — especially those in which the order of operations is important. When adding 4 and 5, for example, it doesn't matter whether it is done as 4+5 or 5+4; such results are said to be commutative. But when the math involves, say, rotating a multidimensional object in various ways over time, the order of events can be critical. Procedure A followed by procedure B may not produce the same result as B followed by A.

As Dr. Seiberg ooted, "Our world is four-dimensional. Time is the fourth dimension. [Subatomic particles] can move around and the motion is something that takes place in time."

In particular, such equations are necessary to describe a key element of the so-called standard model of particle physics. That theory assumes that heavy nuclear particles such as protons and neutrons are particles such as protons and neutrons are made up of various combinations of quarks — elementary particles that come in six types and three "colors." The mathematical rules whereby the different kinds of quarks are thought to combine, as well as the ways in which they are affected by the particles whimsically named gluons that carry the strong force (one of the four fundamental forces of oature, along with gravity, electromagnetism and the "weak" force involved in radioactive decay) have force involved in radioactive decay), have been formulated for decades.

Unfortunately, the equations describing those relations are virtually impossible to solve. For example, not only does the force between quarks increase as the distance between them increases, but the gluons themselves are constantly influenced by alterations in the force field they create. Trying to calculate how these maddeningly interconnected entities change over time is, in the words of one senior particle physicist, "a mess."

THE NEWSPAPER OF RECORD FOR THE INTERNATIONAL MUTUAL FUND INDUSTRY

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Buropean Union

Transitions / Soul-Searching

Along With Growth, A Shifting Identity

Europa are not only difficult to resolve, but also awkward to define. This is because the definition depends largely on how Europe sees itself.

Should Europe dig deeper before it spreads wider? Should it do the opposite, or both at the same time? Is Europe above all a market, or does it have a soul?

The entity now known as the European Union began with a vision; since then it has often functioned like a bad-tempered working party. 'Its whole history has been made up of a succession of crises followed by bursts of progress," commented former French President Valery Giscard d'Estaing al a recent meeting on the Ecu organized by France's financial futures exchange.

Just a state of mind?

Starting from its treaty origins in the mid-1950s, the EU has developed a set of institutions that in many ways resembles the trappings of a sovereign state. These include a directly elected parliament and a court of justice, not to mention a star-spangled flag, a hopeful anthem and a standardized passport. Thanks to EU directives, money, goods, services and workers ere free to move around the EU.

Yet if a reporter were to travel around the EU asking people in what entity they lived, it is unlikely that many would answer "Europe."

The questions that face Moreover, only a small percentage of EU citizens opt to live permanently in anothar member state.

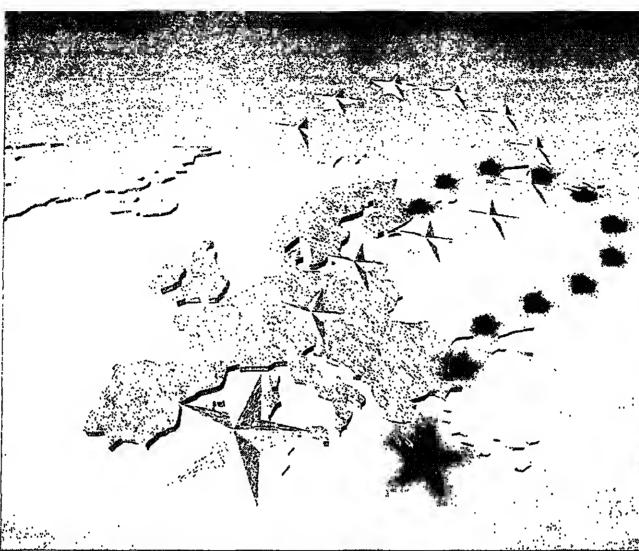
Some Europeans do not even think of themselves primanly as citizens of the nation state they inhabit. When Barcelona was advertising its Olympic games a faw years ago, the city fathers must have puzzled the wider world by informing it that Barcelona was the capital of a country called Catalonia.

The rise of regions

Yeamings for regional autonomy may make it harder for the governments concerned to meet the convergence requirements of the Maastricht treaty. Yet, paradoxically, a federal Europe could also boost the power of regions in relation to national governments, Jordi Pujol's "Generalitat" in Catalonia is not the only regional authority eager for direct funding from Brussels and more scope in which to weave cross-border networks.

As the EU grapples with internal doubts and inconsistencies, it is also under pressure from two main external forces. One of these is the need to compete in world markets, which will become freer and more demanding as a result of the latest GATT round and the creation of the World Trade Organization.

The other is the defense headache posed by turbulence in Eastern Europe and war in the former Yugoslavia. The growing reluctance of



What's in the stars? Like most evolving entities, the EU is still in the process of defining itself.

the United States to continue shouldering the major part of this responsibility adds further urgency to the EU's moves to establish a workable common security policy.

صكذا من الاعل

Beyond economic issues "The strategic issues that now face Europe's leaders are much vaster than the

tion that they were able to play around with between the end of the Second World War and the collapse of the Berlin Wall." argues

Jonathan Story, professor of international economics at INSEAD, the French business institute. "If these are to be addressed, EU member

deals on economic coopera- states can no longer afford to advantages and economies indulge in their little backyard squabbles,"

Economic and military pressures may both bring Europeans closer together, but each of these suggests a different sort of Europe. The first will tend to break down internal frontiers in the search for strategic business

of scale. The second emphasizes national military capabilities and the older relationships between blg nations and small ones. Is Europe capable of simultaneously

waving its flag to discourage

conflict while beating the drum for trade? Michael Rowe

Partnerships / Forging Alliances

The Underlying Ties That Bind the Union

each for its own reasona have fong been the main partners in the scheme to bring about economic and monetary union in Europe. But as the date to consummate this union approachea, France ia casting a

wayward eye on Britain. The French have no wish to find themselves in a permanent tete-à-tête with the Germans, and we would very much like Britain to join us wholeheartedly in the move-ment toward European Union," comments Jean-Daniel Tordiman, France's ambassador at large and head of the Invest in France bureau. "The German alliance is important, but a counterweight to German economic strength would also be valuable."

Historically, Britain has been wary of European entanglements, and it still seems to see the Continent essentially as an interesting foreign market. French decision-makers, on the other hand, quickly latched onto the European idea as an extension of French domestic policy. Germany - economically dominant, but psychologically reluctant to exercise its full political clout for severai decades after World War II - found the French alllance

A change in dynamics Now there is a new situation. The collapse of the East/West divide has

brought about a unified Ger-

France and Germany - man nation of more than 80 million people, together with a rash of new candidates for EU membership. As a result. the Union's boundaries are aiready expanding northward, and are set to expand

to the east as well. "German people wonder what is happening to them, but at the same time they feel the weight and strength of their new situation," says Bruno Leblanc, director of Europäische Wirtschaftshochschula (EAP group) in Berlin. "The prevailing trend in German politics still leans toward European integration. though there are now strong intellectual currents in favor ot a more national-based approach. I would liken these latter to a German form of 'Thatcherism' rather than to the more extremist trends thal are sometimes depicted in foreign press articles."

Lingering embivalence Against the background of American politics and war in Bosnia, Britain and France have recently been making modest efforts to boost their cooperation in military matters. Joining in the single currency is a very different issue, and could hardly be contemplated in Britain's current political situation. Whether the fear of marginal-Ization in Europe's business and financial markets could lead to a change of view in the long term remains to be

Continued on page 11

Good ideas travel faster when barriers

The drive toward economic integration in Europe is welcome news to many providers of products and services, especially those who stress high quality and reliability. They know that in the long run, good ideas will gain a competitive edge as boundaries fade away.

One good idea that is already widespread and growing on a European scale is the Pfandbrief, a concept that dates back 225 years to the time of Frederick the Great. In a number of European countries, Pfandbriefe have proven themselves as reliable instruments in their own capital markets.

In Germany, the Pfandbrief - a special variation of a very European product is a low-risk bond issued to finance mortgages and loans to the public sector. Pfandbriefe account for nearly 40 % of the entire DM 2.7 trillion German bond market. And as cross-border trading in Europe grows, German Pfandbriefe are attracting increasing attention among international institutional investors.

Pfandbriefe have a potentially significant role to play in further harmonizing the European capital market. It is in this spirit of integration and harmonization that good ideas can flourish and open new perspectives for economic prosperity in the future. As political leaders meet this week in Essen, good ideas will again be needed to help create an environment that fosters new opportunities for healthy expansion across borders in Europe and beyond.

Germany's Mortgage Banks

eshaden - Bayerische Vereinsbank AC, München - Hypo-Bank, München - Deutsche Hypothakenbank Frankfurt - Rheinhyp, Frankfurt - Beutsche Genossenschafts-Hypothekenbank AG, Hamburg - Frankfurter Hypothekenbank AG, Frankfurt - Deutsche Centrolbodenkredit - AG, Koln - Bayerische AG, München · West. Hyp., Dortmund · Berlin Hyp., Berlin · Süddentsche Bodencreditbank AG, München · Münchener Hypothekenbank eG. München · Hamburg Hyp., Hamburg · Württemberger Hypo, Stuttgart · Nürnberg · Hypothekenbank in Essen AG. Essen · Deutsche Hypothekenbank · IAct. Fies. I. weig-Hannoversche Hypothekenbank AC, Hannover · Aligemeine Hypothekenbank AC, Frankfurt · Bhemboden Hypothekenbank AC, Köln · Lübecker Hypothekenbank AC, Lubeck · Nordhypo Bank, Hamburg · BiG Hypothekenbank AC, Frankfurt · WL-Bank, Münster · Hypothekenbank in Berlin AG, Berlin



In the pipeline: more integration of infrastructure in order to share the costs of energy transport.

Also Due to Expand: The EU Natural Gas Grid

transparency and thirdparty access have been preoccupying Brussels, oil and gas producers and gas transmission companies have been acting together to ensure Europe's security of supplies - in their view the top priority in assuring a free flow of energy on competitive terms. This has brought them closer together in a world where political turnarounds and oil crises are regularly experienced.

Europe's highly integrated gas grid reflects the developments and growing energy demands of an expanding European Union. With Norwegian gas now flowing through France to Spain, and likely soon to flow through Eastern Germany to Poland and the Czech Republic, Europe has achieved a well-balenced supply policy, with roughly one-third of its gas coming from Russia, onethird from Algeria and onethird from Norway.

Snaring financial risk This integration effort should increase as the EU welcomes Austria, Finland and Sweden as new members although Norway has chosen to remein outside. With its

While competition, price considerable enargy resources, oil, gas and hydroelectric power, Norway has become the chief European energy supplier. In spite of the environmental acceptability of gas, it is the financial risk in building infrastructure capable of carrying fuel over thousands of kilometers from Norwegian offshore fields that is the driving force behind the integration of the Eu-

ropean energy grid.
hisk-sharing between buyers and sellers has become a necessity, but this also entails sharing the rewards in a European market - set to double its consumption from a current 200 million tons of oil equivalent to up to 400 million tons by 2010. Projects are numerous, but among the less risky are those located within Europe. Britain and Norway are both about to make important pipeline de-cisions that should strengthen and further integrate the European energy grid.

The Interconnector A \$460 million project to link Bacton on Britain's sourcest coast to Zeebrugge in Belgium, called the Interconnector, is one of these projects. Seven companies, among them multinationals and

British end Norwegian part-

ners, have signed on to form a new gas-transport company. This presticious project will make Britain a net exporter of gas to the Continent from 1997 until the time when the flow needs to be reversed in order to fill the demand/supply gap in Britain, perhaps as early as 2010. Norwegian, Russian or even Algerian gas could then flow back through the Intercon-

Indeed, bringing more gas to Europe from both Russia and Algeria is possible. Links already exist in the east to carry Russian gas from Orenburg Into Germany and France, While Algerian gas feeds into Italy through a complex of pipelines that crosses the Messina Strait to Furthermore, the 1,370-

kilometer (850-mile) Europe-Maghreb trunk line, due to become operational in 1997-98, will link the Algerian Hassi R'Mei field to Spain. As much as 40 percent of the \$2 billion investment is being financed by the European Investment bank. The European Union considers itself directly concerned by this trunk line, for which an extension inside the Union is already envisaged at a later

Environment / The South's Priorities

The identity crisis currently being experienced by Algeria has led major buyers to ask to the Islamic fundamentalist movement could destabilize the national company Sonatrach, jeopardizing the free flow of Algerian supplies to Europe.

Out of Siberia In the meantime, new sup-

plies of cheap Russian gas are baing presented to the European gas market, But what exactly does "cheap gas" mean, when it has to come all the way from the Yamal Peninsule in Siberie? A pipeline project estimated to cost \$40 billion in the hillfal stage but as much as \$100 billion in its entirety hardly suggests "cheap gas." The amai project, now declared technically feasible in spite of the challenges presented by permafrost, still remeins a misty venture in terms of

funding. At the turn of the century, the Yamal gas would already be flowing into Poland, which hes ratified an intention agreement with Russia. The project will require Western capital in order to get off the ground, with some sources implying that Russia still needs to sort out its business notions with Western countries before investments can be decided upon.

More trunk lines

This situation clearly gives an advantage to Norway, which is currently discussing where "Europipe 2," its fourth gas trunk line to the Continent, should land. Landing sites in France, Belgium or the Emden terminal in Germany are being considered, while a fifth gas trunk line is also posside in the luture.

Meanwhile, the two Norwegian producers, Statoil and Norsk Hydro, have joined with the two German transmission compenies. BEB and Hulmgas, to lorm a new transmission company, NETRA GmbH. NETRA will build another pipeline link In Germany to carry adultional volumes of Norwegian gas to Eastern Germany and, in the longer term, to the emerging markets of Central Europe.

This latest step, formalized in October, reflects the wish of producers and transporters to further integrate their upstreem and downstream activities with a view to better sharing the risks of huge infrastructure investments as well as the rewards of establishing a reliable gas

Annick Lia

Exports / Impetus for Growth

Economic Building Blocks

One of the mein engines fueling European growth over the past two years has been exports. But there ere now signs that the Europeen Union's economy is shifting from an export-led to e domestically driven economy.

The export boom was largely born from increased competition among EU states to reap sales in booming East European, Asian and recovering U.S. markets, es well as among themselves. It has resulted in a handsome narrowing of the Union's trade gap with the rest of the world, and the emergence of healthier economies.

Shrinking trade gap

In 1993, the trade gap narrowed by 50 billion Ecus (\$61 billion), following e 10.6 percent surge in exports and e 0.8 percent fall in imports. According to Union officials, the EU trade deficit shrank to 1.4 billion Ecus in

Germany was one of those that exceeded regional export totals. In tha first quarter of 1994, its exports to the United States, Eastem Europe and Asia rose by over 15 percent over the same period in 1993.

EU countries are also emerging among the top-ranked foreign investors in many developing countries. In the first quarter of 1994, for exemple, Britain, Germeny and the Netherlands led the race to pump funds into India. All three were well ahead of the United States, which led the list in 1993. Britain and Germany retained their lead over Japan. which has heavily increased investment ectivity in the region.

But European money is also playing an increasingly major role in the developed world as well. Last year, European funds, for example, accounted for a massive 40 percent of the total foreign investment received in the United States.

While Union officials expect economic ex-

pansion within the EU to continue to be underpinned by strong export growth, in the long run they predict that the gains in international export market share made by the Union in 1993-94 will recede.

Strong export growth

Last year was exceptionally good for the EU. With the Union's total export growth figures up by 10 percent over 1992, the biggest gainers were Irelend, with 37 percent growth; Greece (23 percent), Belgium end Luxembourg (19 percent each), the Netherlands (18 percent) and Britain (15 percent).

While the rate of expansion of exports of goods and services is expected to be 8 percent by the end of this year, the EU's outgo-. ing economics commissioner, Henning Christophersen, predicted in late November. that it would continue to decelerate marginally to what he terms a "still high" 7 percent in

investment spillover

Europe's export growth to date has, however, bean the key factor in fualing its economic. growth. The initial strong impulse from buoyent exports has spilled over to bring an investment revivel, particularly in machinery and equipment, and an equally strong inpulse to restock.

In addition, the improved climate has also led to e revival in construction and to e grad. ual growth in private consumption.

Mr. Christophersen predicts that the Union's economy will, in fact, progressively shift from an export-led to e domestically driven dynamism over the next few years...

Investment in equipment is expected to undergo the most brisk revival, rising, according. to EU predictions, from the 2 percent growth. rata recorded this year to around 7 percent to... 8 percent in 1995-96.

Anna Francis

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1995 Conference in Berlin Will Continue Rio's Work

Rio if turns out to be a fitting name for the conference that is taking place in Berlin from March 28 to April 7. 1995. "Rio if" is also easier to employ: than the event's proper name: the First Contenence of the Signatories of the Convention on Protecting the Cil-

The nickname is fitting because the ... late March event will strive to continue the work of the earlier environmental summit by coming up with concrete mensures for immediate implementation. By doing so, the event will really one of the criticisms most often made of the UN's Conference on the Environment and De. velopment, as 1992's Rio I was officially KNOWN. TO IS CHICS, the conference produced only a vague collection of plati-"

duced only a vegue collection of platitudes and no progress on a langible improvement in the world's environmental
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through the EU surged in Essentian Con-

To date, Germany's proposals have been informing the distursions at the various meetings. The Odmans want the Fio II nations to agree to undertake concrete measures leading to a rether tion of their levels of curbon plants include decreasing had consumption by automobiles and heating plants and avaidant universessor transport and end availing unnecessary hardsport and mavel. The office of the German's proposed a the large of the German's proposed a the large of the German's proposed as the large of the general large of the cess's emissions of cartion dicorde.

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Mediterranean Countries Seek a Greener Alignment

southern Europe's golden beaches and drink in the fragrant air, enviably free from the pollution of the more industrielized north. But they often think twice about drinking the local water, and may be far from impressed by senitation conditions.

This is the crux of the environmental problem for lessdeveloped European Union membars such es Greece, Portugal and Spain. Their air, seas, rivers and countrysida are relatively unsulfied apart from notorious exceptions like the smog-bound center of Athens and parts of the Mediterranean.

But many homee do not yet have access to running water or sewege facilities. Where water is eveilable on tap, it is often of an infarior quality and expensive. In Portugal, the EU's most backward member in this respect, only 60 percent of homes have running water, and even fewer are linked to sewage systems.

Profiting from hindsight Governments ere confident that environmental lessons learned with hindsight in Northern Europe can be applied less peinfully in the south. A high level of investment, largely supported by EU structural tunds, is being mobilizad to help the region

Visitors love to swim et cope with existing difficulties and eliminate the risk of others emerging.

Investment is being channeled in two directions. Preservation and protection is a priority. The poorest EU members possess some of the most undisturbed natural habitats in Europe. But such areas are highly vulnerable because of the strong pressure for industrial development in these countries and the lack of financial and administrative resources to pro-

Sustainable development The effort to protect environmental assets reflects the principle of sustainable development that was emphasized at the 1992 Earth Summit in Rio de Janeiro, Brazil. The tenet is that lasting economic progress is based on the maintenence and improvement of natural capital stocks, such as clean water, fertile land and safe energy supplies.

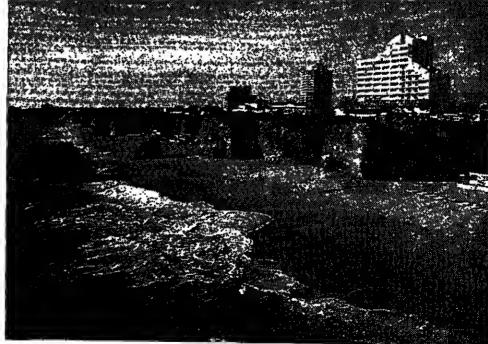
Preserving the quality of the environment is e pressing concern for countries such es Greece, Ireland, Portugal and Spain, where tourism is a vital component of national revenue. It elso has an immediate bearing on efforts to ettrect inward investment and on the marketing of agricultural and other products. Portugal's mid-Attine quality of the islands' environment an important competitive advantage for its cheesee and other dairy

*Except for a few black spots whara action is being taken, we believe the quality of Portugal's environment is almost unrivaled within the European Union," says Ascenso Pires, Portugal's director-general for the environment. "Our overriding concem is to preserve that quality, both because of its intrinsic value and because of the competitive advantages it offers our economy."

Playing catch-up

If one main drive of Southern Europe's environmental investment is toward preserving qualities that the north has to a lerge extent lost, the other is aimed at catching up in areas such as water distribution, sewage systems, waste management and land reciamation, where more developed countries ere considerably more advanced.

Stekes ere high in tha competition for the contracts end concessions being awarded in the development of such infrastructures and services. This was reflected in the recent privatization of the municipal water services of Mafra, a town of only 26,000 consumers, 30 kilolantic Azores archipelago, for meters (18 milas) north of



On the beach: fighting the good fight for the environment.

Lisbon. No fawer then nine groups, each including an important foreign company, competed for the contract, which was awarded to a consortium led by Générale des Eaux of France. The level of interest in a

small municipal water service in Portugal is understandable. Officials at Banco Cisf, a Portuguese invastment bank, estimete that 1 trillion escudos (\$6.36 billion) will be invested in tha country's water sactor batwaen 1994 and 1999. A total of 300 billion escudos will go into high-pressure water supply networks, of which 240 billion will be supplied by EU and Portuguese govarnment

About 700 billion escudos will be spent on low-pressure distribution systems, with 300 billion being provided in ald. Similer projects are under way in various sectors of environmental improvement and protaction throughout the poorer countries of Eu-

Portugel's green agenda Reflecting Southern Europe's concern about protecting natural essets, Portugal unveiled a National Plan for Environmental Policy in November. Backed by e budget of 100 trillion escudos,

about half provided by the EU, it determines objectives to the end of the century and delineates the most important projects to be undertak-

Teresa Gouveie, Portugal's minister of environment and natural resources, says important aims of the plan ere to ancourage productiva sectors of the economy to meke environmentel concerns an integral part of their business strategies, improve coordination of environmental protection with territorial planning and make the protection of natural assets a national concern.

Peter Wise

weeks later came Norway's 'No sola...
This "No" affects two cross-border

arrangements. The Nordic countries have

ing valued their close cooperation, but with Norway and iceland now outside the EU, that good-natured relationship roley be tested. Should conflicts arise, to whom will EU members show greater loyalty? It also scuttles the idea of building a powerful Norman or only bloc within the EU.

Sweden's prime minister, Ingvar Calls-son, said he particularly regrets not being

able to work with Norway on issues title unemployment and the environment with

in the Union, although Finland is certain to

have pledged to take up is the secrety in

the EU's decision-making process. Scare

dinavia has a tradition of open govern-

ment and public access, and it will seek to

spread that idea to Brussels. The region-

will also press for support to larmers and

others in the sparaely populated northers

areas. Finlande Prime Minister Esid Ario

has called for a completely new EU policy:

One issue born Sweden and Finland

support initiatives on those trents.

European Union

Banking / Breaking Down Borders

Migratory Financial Products

Rather than setting up branch operations in other countries, Europe's finance houses are using cross-border electronic systeme to enter hitherto closed national markets and to offer products and services directly, on-tine, to Europeen Union con-

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The resulf has been a belated, indirect realization of the single market's aim of increasing access to financial products and lowering the costs of financial services.

Whila many of the EU's national banking communities enaconce themselves behind a wall of high fees, a number of pioneer banks have been using etandard on-line technologies to effect a revolutionary reduction in the costs of conducting transnational business in Eu-

Cause and effect

In early October, Germany's Handelsblatt financial daily announced that "EU bank transfers are getting more and more expensive." It reported that these transfars now cost an amazing 25 percent of the total transfer amounf, a full 2 percentage points more than last year. The source of these figures was the European Commission itself, which chastised those charging the exorbitant fees, saying that they fly in the face of the spirit of the

angle market. A concurrent headline in Munich's Süddeutsche Zeitung announced that a consortium of four leading European banks had put the Continent on the way to real-time banking." The new Inter Bank On-Line System (tBOS) witt provide bank customers at 2,000 outlets in Britain, Spain, France and Belgium with a way to instantaneously and inexpensively pay international bills or transfer funds on a point-topoint basis. This provides an alternative to the SWIFT system, which routes all transactions via a central clearinghouse and is thus relatively

in subsequent moves, several major American banks active in Europe have ennounced their intention to link up with IBOS. Germany's trade papers are speculating that the country's Landesbanken (state-level, publicsector-owned banks) are also jockeying to join.

Virtual bank eccounts

Going IBOS one better, Standard Chartered Bank is now offering what amounts to the first "virtual account" to ifs customers. According to published reports, these customers first establish an offshore account with the bank and then draw funds and conduct other transactions via a debit card and the nearest on-line automatic teller. no matter what country the teller happens to be located

The retail stocks and securities sector is also undergo-Ing changes. Until recently, private investors in Europe wishing to purchase stocks not registered in their home countries often had to rely on

sending checks and binding orders to correspondent brokers and other relics from the Age of Paper, or on purchasing "country funds." In the United States, these mutual funds are sold af a discount and withouf any handling charges, but most of Continental Europe's brokers charga a hefty markup on

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Screen-swapping

Enter tha "extendibla electronic trading floor." In this arrangement, an exchange (by way of example, Germany's Deutsche Terminborse) allows foreign brokers to plug into its on-line transaction clearing and settlement system. In a popular variation, two exchanges simply "trade screena." In effect, this makes each exchange's broker a fullfledged member of both - all via electronics.

These technologies hava been in place in Europe's Interbank and interbroker sectors for some time. The only changa has been to extend tham into the retailing sector.

International products Meanwhile, Europe's finan-

cial products have been doing quite well on the international front, thanks to the growing openness created by the single market. British and Danish fixed-rate deposits have become bestsellers in France and Germany. In turn, demand from abroad for Germany's 1,500 mutual funds has been intense, with foreign buyers representing the fasfest-



Calculating the cost of conducting transnational business.

growing segment of this market, according to Germany's association of investment

Backed by a Europe-wide marketing campaign, Ger-many's Piandbriefe (mortgage bonds) have also been riding a wava of Interest from

Non-German buyers are reported to partially account for the recent surge in the bonds' sales, which are now running 22 percent higher for the year.

Terry Swartzberg

The Underlying Ties That Bind the Union

New Members / The One That Got Away

whether or not to join the European

Union, 1994 was seen as a crucial year

for the EU's fortunes, A positive vote from the citizens of Sweden, Norway,

Finland and Austria would show the

world that the EU, in spite of the col-lepse of its ERM monetary framework

and continuing recession, was still an

Now the voting is over and the Union

scored three out of four - not perfect, but

satisfactory. Norway was the only country

to vote against joining, by a margin of 52.2

percent to 47.8 percent, but then it was al-

wave the country most likely to say no.

having done so once before, in 1972, Eu-

ropean Commission President Jacques.

Delors has, however, left the door open for

Norway, saying that after the intergovern-mental EU conference in 1996, new appli-

Austria was the first of the four to vote.

choosing "Yes" by a majority of two to one.

Finland then held the first of what would

be three referendums in quick succession

across the Nordic region, on Oct. 16 vot-

ing to join by 57 percent to 43 percent. On

Nov. 13, the Swedes came in with a 52.2

cations would be considered....

attractive group to join.

A Hole in the Nordic Bloc

With four countries voting on percent to 46.9 percent vote to join. The

Continued from page 9

EU member countries have agreed on their timetable for the establishment of a single currency, which could happen as early as 1997, Moreover, the European Monetary Institute - the precursor of the European Central Bank - is now installed on the top three floors of its tower block in Frankfurt,

Hardly any of the EU member states currently meet the Maastricht treaty convergence criteria, which have to be satisfied before they can join the proposed monetary union. Broadly speaking, these specify a maximum budgatary deficit of 3 percent of gross domestic product and government borrowing of not more than 60 percent.

Social costs

The welfare costs of the recent recession account for much of tha problem. Recovery is under way, but EU governments are all finding it difficult to axplain to thair citizens why fhay now have to cut back in sensitive areas such as pen- up more fundamental questions. sion provisions in order to meet the Maastricht criteria. The long-term competitive advantages that are supposed to arise from these sacrifices may look decidedly remote to men and women who have been paying their taxes and social security contributions for the last 20 or 30 years.

In Spain, for instance, the government is cutting back at the national level but allowing expenditure by regional governments to continue," says Fernando Cortinas, economics professor af the Instituto de Empresa in Madrid, "In my view, it could well take another 10 to 15 years before European countries will be in a position to form a monetary union."

The equation is further complicated by the rising fide of applications for membership. The arrival of Sweden, Finland and Austria, whose economies are broadly similar to those of current EU members, poses relativaly faw problems, but applications from Eastem Europe and the Mediterranean stir

Keith Foster

Union at any speed

to meet Arctic needs.

"Ultimately, the Europe of the 12 is going to become 28 or 30," says Mario Telo of the Institut d'Etudes Européennes in Brussels. "It will taka many years before some of the new members will be in a position to join the central economic and monetary mechanism, yet they will all be represented in the EU institutions. This clearly calls for difficult reforms in the way the Union op-

An obvious temptation in an enlarged and ever less cohesive Europe will be to slip back toward a looser association of member states. Some favor this Idea already. The concept of a multispeed Europe in which tha strongesf and most willing members lead the way to closer union offers ona possible alternative. This brings the focus back to a small cluster of rich nations at the haart of Northern Europa grouped around France and Garmany.



"EUROPEAN UNION"

was produced in its entirety by the Advertising Department of the International Herald Tribune.

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and trade. It is mainly because of this last factor that so many East European corporations have their international head offices here. Times have changed – but Vienna remains Vienna!

Should you have queries or reness location of Vienna, please co

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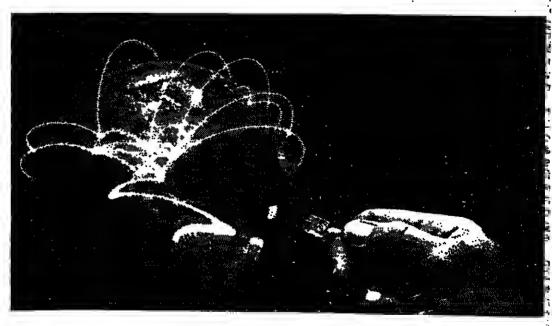
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pletely overhauled. Data lines are now available in every area. And the same applies to mobile networks, radio, television and, from 1995, ISDN – the new nervous system of European industry. In high-performance fiber optics technology, Eastern Germany even leads the field. As the world's first network

operator, Deutsche Telekom is bringing fiber optics right to its customers' doorsteps in the eastern part of the country. So a sound basis has been created for a secure and successful future. Now it's up to investors to make a shrewd decision on where to set up business.

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European Union

Lobbying / Earning Legitimacy

The Rise of EU Lobbyists

Professional political binds industrialists and polilical cians together. The so-called Union la coming of age. Long regarded with disdain by Continental European businessmen, lobbylsts are at lest winning respect in boardrooms throughout the EU.

Tha idaa ot farming out lobbying to axternal consultants reached Continental Europe from across the Channal and, aarlier, from acroas the Atlantic. In the United States, political lobbyists are a major force in govammant - so much so that Congrass is ragularly lambaated for being in thrall lo special-interest groups amploying high-powared con-

In Britain, lobbyists carry less clout, but thair power is waxing. The defaat in early Novamber of government plans to privatize the Post Office is widaly attributed to effective lobbying by the postal workers' union.

On the Continent, political lobbying has been no less intense, but more discreet, in Germany, powerful trade associations still rule the roost. In France, Ilaly and Spain, huge swathes of industry have historically been under stale control. Lobbying wes often littla more than a matter of a few well-placed telaphone calls.

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cians together. The so-called énarques (former students of the Ecole Nationale d'Administration) or polytechniciens (formar students of the alite acoles polytechniques) raraly need professional lobbyists to communicate with

one another. But the picture is changing. "Lobbying is now well-estab-lished in the Natherlands and is developing very rapidly in Belgium and France," says Simon Gentry, a senior account executive at European Strategy, one of the leading British firms of political lobbyists active in Europe.

This Irand was well-illustrated by the experience of Compagnie des Machines Bull, the French computer manufacturer. When Bull decided earlier this decade that its survival dapended on a capital injection of 4 billion francs (\$740 million) Irom its main shareholder, the French state, it had to square the deal with the European Commission. To help it do this, Bull hired GJW Europe, the Brussels arm of GJW Government Relations, a leading British firm of political lobbyists.

The European Commission approved the capital inlection, plus 2.68 billion francs in additional grants, in July 1992. Before long, Bull was back for more - a further 11.1 billion francs in aid was In Franca in particular, an approvad by the Commission in October this year.

Eastern Europe / Patience

The Visegrad Four: Waiting for the Call

When Jozsef Antall, the Hungarian prime minister at the time, predicted in 1990 that Hungary would be a member of the European Community in 1995, his forecast did not sound entirely unrealistic. But with 1995 just around the corner, it is clear that for Hungary, as well as yr Poland, Slovakia and the Czech Republic, joining the EU is still a long way off - despite their associate membership status and applications for full membership.

Economists agree that the transition period from planned to markat economies in Eastern Europe has takan much longer than was anticipated at the start of tha political reforms - and is still by no means over. In the four Visegrad countries - the Ierm refers to a cooperative agreemant signed in that Hungarian town in 1991 - privatization is only 50 percent to 60 parcent complete, and currencies are not yet convertible. Many loss-making, state-owned companies are still in dire need of restructuring. According to Professor Richard Baldwin, author of tha recently published book "Towards an Integrated Europe," the biggest obstacle is the lack of experience. "These countries are being run by people who had no idea about how a government runs a market economy until five years ago," he says. "The human capital is missing because it hasn't had time to develop."

Fulfilling the prerequisites

In Hungary, further hardships for the population are expected as the naw Socialist/Libaral Democrat coalition govamment tackles the gaping central budget deficit.

Tha Czech Republic, which has so far experienced a relatively smooth transition period, is expected to undergo major economic restructuring when the currency is made convertible - probably next year.

Slovakia is struggling with political instability and tha legacy of an obsolete armaments industry. Foreign direct investment has slowed down, and growth is sluggish. Poland, by far tha largest and therefore tha most important market for the EU, is experiencing industrial growth and increasing foreign investment, but at the sama time is fighting escalating wages and

In some respects, however, the Visegrad economies are more developed than those of some EU mamber countries: GDP per capita, for example, is lower in Portugal than in Hungary or the Czech Republic. Inflation is lower in the Czech Republic than in Greece or Italy. "No real critaria have been set by the EU," says Tamas Novak, a research fellow at tha Institute for World Economics in Budapest. "Thay didn't tell us what we should do if we want to join the EU, except to create political stability and economic growth. But to what extent?"

Legislation is one area the Visegred four are attempting to quickly bring into lina with EU norms. But Central European economists accept that there is little their countries can do to

speed up the process of integration with the EU. "In tha end, full membership in the EU for the Visegred countries is a political issue," says Andras Koves, a leading Hungarian economist and director of the KopInt-Datorg research Institute in Budapest. "I don't think that it is within the capacity [of the Visegrad countries] to influence the decision. But thay can influence the conditions.

Now the most optimistic forecasts by Central Europaan politicians put tha data for full EU membership at the year 2000. But even this is a pipe dream, according to Professor Baldwin. "This is entirely unrealistic," he says. "If you take membership in tha year 2000 for tha Visegrad countries as a given and calculate the budget costs to the EU, it would mean an increase in the budget of 60 percent." Within the context of the recent bitter debate in the House of Commons over raising the British contribution to the EU from 1.0 percent to 1.1 percent of the GDP, a 60 percent rise in the EU budget over the next five years seems a farfetched prospect, he edds.

Mr. Koves says ha cennot speculate on the timing of EU membership for the Visegred countries. 'There is a belief that full membership is in the interest of Central Europe but not in the interest of the Union. This is not a correct picture - relations are of mutual interest and ere much more complicated, and basically that's why I think that in the final analysis there

won't be any question of not joining, he says. Professor Baldwin says he also believes that daspita tha obstacles, the Visegrad four will eventually join the EU. Ha puts tha time scala at around 15 to 20 years from now. There is a political drive toward it - a vision of Europe," he says.

"Politics is the engine, economics is the brake." Catherine Hickley

Compelition policy has long been a major battleground between industry and politicians in the Europaan Union. Mergars, joint ventures and state aid are often hotly conlasted, as lobbying consultants promota the

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commercial interests of thair cliants. Other contentious areas of policy-making include environmental legislation and employee-protection legislation.

More votes to sway

Recent changes in the Euro-pean Union have ganerated even more work for lobbyists The expansion of the EU eastward into Austria and northward inlo Scandinavia is making it harder for firms to influance votes in the Council of Ministers; no longer are ona large country and two small ones sufficient to block legislation. "We are all very

GJW in Brussels. A major source ol debate among Brussels lobbyists is

busy at the moment," says

Patrick Brooks, a diractor of



where power will be concentratad over the naxt five years. The daparture of Jacques Delors at tha end of this year as president of the European Commission is widely expected to end an unprecedented period of

"The Commission will probably be much weaker in the long term," predicts Mr. Gentry. "For the next five years, Europe is going to be

canIralization in Brussels.

going through an intergov-

The governmental angle Mr. Gentry is not alone in arguing that an office in Brussels will not be enough to win erguments in the new, enlarged European Union. Lobbyists need to pay more attention to putting their case across to member state governments on their home

This creates obvious difficulties tor even the most well-resourced lobbying firms. The cost of maintaining offices in evary capital of every member state in the European Union would be prohibitive. At present, nobody even tries; all the leading firms rely heavily on correspondent relationships

with other lobbyists or with law firms around Europe. The strength of these rela-

tionships is likely to be tested to the limit in the years to come. "Eighty-five percent of measuras adopted by the European Union start in the member states," says GJW's Mr. Brooks, "Tha most successful kind of lobbying is stopping somathing from

Code of conduct One potential brake on tha success of professional lob-

byists around Europe is their poor image in some countries. In an effort to distinguish themselves clearly from the "cowboy" outfits so often said to lurk in the back streats of Brussels, a group ot the leading tirms recently promulgatad a code of conduct. Thay included the U.S. Hill & Knowlton and British firms Charles Barker, GJW

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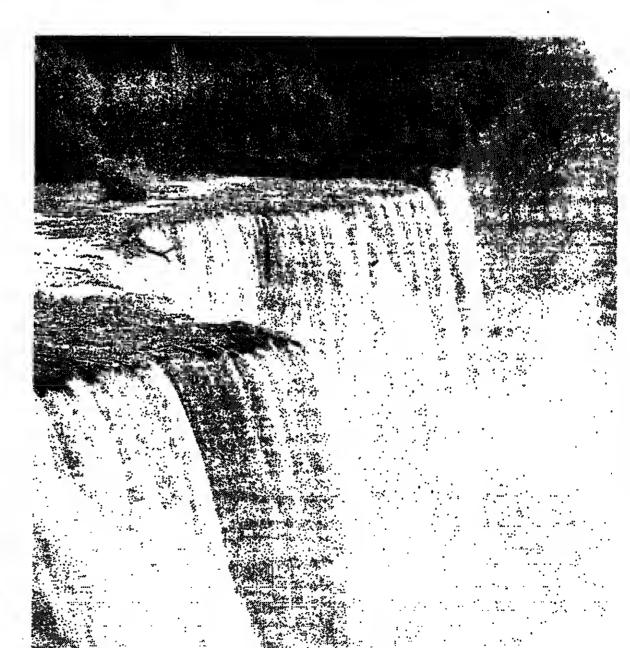
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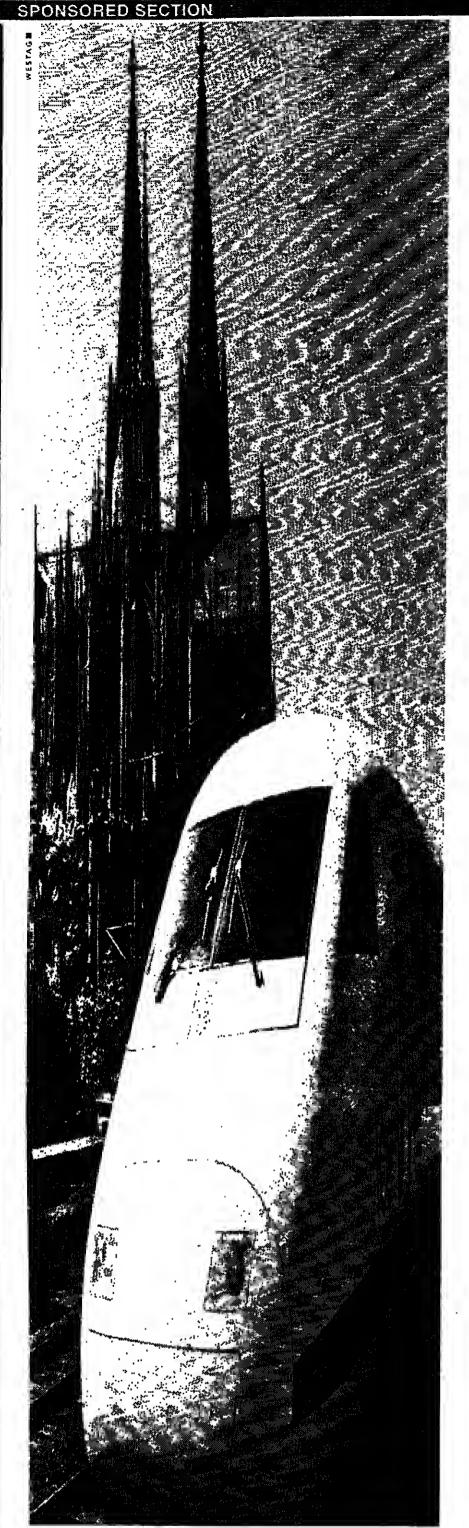
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European Union

Networks / Patching Through the Competition

Telecommunications Race: Regulation vs. Technology

Thanks to a recent EU dacree, 1998 is looming larger and larger. Many companies, however, are not waiting for the removal of the lest national restrictiona on the telecommunications market to launch advanced new services and to take on new merkets. Among them are the Cantinent's powerhauae netional telecommunicatione companies.

"A historic decision," is how Wolfgang Bötsch, Germany's minister for post and telecommunications, labeled the decision made by the EU's council of telecommunication ministers on Nov. 17 The council unanimously

agreed to add the national telecommunication networks to the list of monopolies ba-Ing dismantled as ot Jan. 1, 1998. For such national companies as DBP Telekom. France Telecom and Spain's Telefónica, this would seem a major blow.

Their exclusive access to their nationwide natworks purportedly represents the national telecommunications companies' final competitive advantage. The previous decrees associeted with 1998 had given their competitors carte blanche to offer a wide range of customized and standard services in the EU countries. Until the recent decision, however, the competitors were going to have to offer those services via the national grids, assuring the telecommunications suppliers ample rental incomes. patch directly into the systems, placing them on equal footing with the national com-

The letter of the law The new decision sounds

revolutionary and sweeping.

In fact, it is not final and it does not immediately affect all of the EU or authorize the eetting up ot alternativa "voice" networks, pegged to be the hottest segment of the market in the late 1990s. This omission has angered the consortia planning such networks. In a key point, the decree's importance is being superseded by developments on the telecommunications market that, instead of weakening the national companies, should actually strengthen them.

As Mr. Bötsch himself points out, the decree still lacks the enabling legislation and various approvals that will make it otticial policy. This legislation will presumably be contained in the second "green book" on telecommunications, due to be submitted by the European Commission by the end of the month. The decree will not take effect until 2003 in Spain, Greece, Ireland and Portugal, and in 2000 in Lux-

Vaice monopolles

For six of the EU's strongest telecommunications countries (Including newcomers Sweden and Finland), the decree, by not allowing the

Now, presumably, the providers will be able to peting "voice" (standard telephone) networks, indirectly

> these criticisms by pointing out that further measures addressing these problems are in the works. Specifically, ha has predicted that progress toward authorizing "alternative networks" will be made

> over the next few months. "A windtall in disguiae," is how the decree is being described in Germany's trade press. Analysts have been quick to note that the national companies will probably demand and receive huge sums of money in up-front compensation for the "depreciation" of their most lucrative asset, plus a percentage of total revenues arising from ongoing use of the network.

> For other observers, the whole issue of who gets to operate which standard, terrestrial-based voice networks "is becoming increasingly irrelevant," according to Steven Garside, a Munichbased telecommunications consultant. "The 1998 discussion basically applies to only one area of an increasingly diversified telecoms market, which is currently undergoing a historic multiplication of carriers and carrier technologies," he says. "Operating in many of these new market segments requires large amounts of capital and systems expertise, and that's precisely what Europe's national telecoms have."

preserves the monopoly.

Mr. Botsch has answered

One example of a diversifi-Multiplying technologies

cation of carrier technologies is the proliferation of dedicat-ed satellite-based communication networks, of which there are now 20 in Germany alone. Nearly all of them use the highly mobile VSAT (very small aperture terminal) technologies in the setting up of flexibly configured proprietary networks for car dealers, gas stations and freight forwarders. Internal diversification

The telecom message:

dismantle monopolies

As for diversification within national markets, Spain has committed itself to licensing two mobile telephone networks by the end of 1994. One of them will be owned by the national company Teletónica, the other by one of five consortia. By 1998, the Spanish government

wants to have authorized another "standard" telecommunications company to compete with Telefonica.

Privatization and open competition are coming to all of Europe's national markets. even to such relative laggards as Portugal and Greece. With difficulty and delays, both countries are proceeding with the privati-zation of their national telecoms and expanaion into new segments.

Meanwhile, the well-developed national markets are getting more and more networks. Germany's fourth mafor mobile network started operations in May. Followingsuit, France is now licensing a third mobile telephone network, due to go into opera-tion by the beginning of

Media / The Final Frontier

Broadcasters' Dilemma: Freedom or Free-for-All?

Since its original "Télévision Sans Frontières" directive in 1989, the European Commission has been trying to inspire a more efficient media Industry.

The European Commission's most recent media paper, published last spring, gave new guidelines calling for the industry to liberalize ervices and cooperation. Papers like these offer far-reaching recommendations for Europe as a whole. But since the individual countries ara so disparate, European media efforts may not be harmonized for some time.

Meanwhila, a fast-moving industry will not walt. Unable to count on a European superstate to lead them, nations are meeting the medie rush on their own. Sometimas it works; sometimes it feeds Euro-triction.

The digital revolution The revolution started a decade ago, with cable and satellite services opening up competition among broadcasters. Today, companies are positioning themselves for digital technology. With digital communications, companies that control both software (programming) and hardware (delivery systems) will dominate.

Cross-ownership is inevitable in this brave new world. Already, print proprietors like Pearson and Reuters are expanding Into business television. Small European producers are busily engineering cross-border links before digital comof channels that could bury many modest media outfits.

Global competition

"In Europe, we're just not competitiva on a global scale," admits Pierre Grimblatt, president of Franca's Hamster Productions, which has sought European partnars to form a major studio, Hollywood-styla.

Fattaning the TV companies is openly promoted by governments. France end Britain last year passed laws easing restrictions on owning TV licenses. An amendment to Britain's 1990 Broadcasting Act made it legal for one person to control two stations. France effectively doubled the amount of shares in e TV compeny an individuel can own, from 25 percent to 49 percent. The two nations. among Europe's most active

markets, are seeking more freedom for the sector, which Is predicted to experience high growth.

Increased holdings mean fewer players and greater concentration. This reminds many of the days when European broadcasting was state-run, and has some wondering if the industry is on fast-forward or rewind.

merates began appearing before the dust settled on crumbling state monopolies In the 1980s. Today's large, vertically integrated goliaths enjoy economies of scale and exist in every country: Hachette in France, Bertalsmann in Germany, Elsevier in the Netherlands, Berlusconi in Italy. They are internetional players, since the EU's single markat - and its free movement of goods and services - promotes pan-European activity. They combine audiovisual production and distribution with publishing end computer software, often more. Many reach megasize by swellowing

smaller fish abroad. At the same time however, they serve the netional interest by protecting their home markets from foreign multimedia conglomerates concentration continues. countries are becoming more vigilant. "Companies are being used as shields," observes Jakob Stelgelmann, a program buyer for the stateowned Danish Broadcasting Corporation. "There is cultural protection while at the same time we're all saying how European we are."

Free flow of programming Technology will also quell the quota question. The EU currently stipulates that TV channels broadcasting from Europe must air 51 percent European programs. But In 10 years, pay-per-view and video-on-demand will add video-based sarvices of all kinds that will blur the boundaries between home and hertzian entertainment.

Until then, each country must go it alone. Nowhere is the problem plainer than with pan-European TV channels like Turner Broadcasting's TNT/Cartoon Network. The U.S. giant uplinks its signal trom Britain, then beams to the Continent - with 100percent American fare, which defies the quota rule. France and Belgium will not allow TNT to broadcast on their turf. branding it "the British

like themselves. As industry Trojan Horse." On the ona hand, Britain is seemingly infringing the EU directive, but on the other, France and Bei gium could be cited for contravening the free-market

INTERNATION

Meanwhile, cultural passions run high. Christlan Davin, chairman of France Animation, a top Gallic car; toon producer, says: "The spawn other children abroad. Every nation should have a policy so production is coherent and the rules are obeyed. If there weren't any laws, our children would only see foreign-made shows."

Reinventing the market

Broadcast markets are being reinvented while Individual countries struggle to protect ' their home ground. Will the nations be ready when the : new age dawns? "Some existing companies will have trouble adjusting, that's for sure," seys Mr. Stegelmann. "A lot of broedcastere ara closing their eyes to new technology. They talk a lot ebout interactive TV, but they're not investing in it. They still believe in the old system. This means even more protectionism ahead."

Joshua Jampol :

Not Exactly the United States of Europe

Btood and money, both today end 200 years ago, account for much of the European Union's difficulty in achieving any sort of working American-style federalism.

History / The U.S. Model

A quick look at cultural and institutional history on opposite sides of the Atlantic helps explain why there is a United States of America today - end why the EU is encountering so meny stumbling blocks to its stated goals of closer political and economic union.

Culturally, many ol today's Europeans seem to fear that federalism means giving up their national treditions. They are not eeger for the type of union that means their currencies no longer exist, or that their own nation's leaders do not have the final say in how and where their soldiers serve.

Radical patriotiem America's so-called founding fathers, on the other hand. had no such traditions to protect. Indeed. while national pride remains a stumbling block to a united Europe, the concept of patriotism was a redical new notion in the American colonies

While present-day Europeens bridle at the type of central control that allows Eurocrats to dictate how they run their banks or make their ice cream, the signers of the Declaration of Independence were used to e common -English - system of law and justice that was administered pretty much the seme in

Massachusetts as in Virginia. Rather than being taught. as Europeans are, about past wars and economic competition with their neighbors, Thomas Jefferson and other Revolutionary-era republicans were fed grammarschool diets of Roman and Greek classicism that glorified the ideal of an enlightened democracy. With so much land in the new country, these scholar-statesmen envisioned a netion of genteel farmers not unlike the model described by the Ro-

man poet Virgil. For a brief few years, under the Articles of Confederation, the United States did exist in a torm closer to today's EU than today's United States of America. States governed themselves with little regard for the federation, even issuing their own money and laying tariffs on goods trom other states. New York. for example, imposed taxes on vegetables from New Jersey and firewood from Connecticut.

Commercial imperetives It didn't work. Several states printed vast amounts of currency to halp pay off both public and private debts. Between currency fluctuations and internal trade wars, merchants, creditors and traders complained that they could not do business. Congress tried to pass laws to regulate commerce, but without a strong executive or a federal judiciary, the states and individuals simply ignored the new regulations.

George Washington, who turned down a crown to find himselt president of a nation in name only, warned of the need for a stronger central government despite widespread misgivings from the tormer colonies, which were

suddenly enjoying their status as mini-republics. In the end, Federalists such es Alexender Hamilton managed to convene the 1787 gathering that met in Philadelphia to tinker with the Articles of Confederation, but ultimately threw them out to write what became the U.S. Constitution.

Centrel to that new, stronger American tederalism, ot course, was the tripartite form of government and the system of checks and balances on the executive, legislative and judiciel branches. The European Union, in contrast, has been dominated in recent years by its executive arm, the European Commission.

Many American legal scholars believe the new nation might not have survived - and certainly not in its present form - without the U.S. Supreme Court's assertion of its influence in e pair of early 19th-century cases.

In the Marbury vs. Madison case in 1803, Justice John Marshall asserted the federal courts' right to declare a law unconstitutional. Sixteen

years later, in McCulloch vs. Maryland, Marshall set forth the principle that states cannot tax - or otherwise interfere with - the tunctions of the federal government.

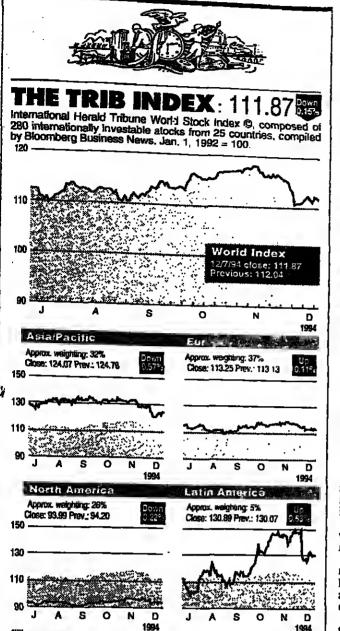
Thesa two monumental rulings, which in effect provided the vitelity tor the system of checks and balances. have no parallel in modern Europe, where the European Court of Justice operates much more narrowly in terms of what it can tell the EU and member states to do.

Military issues

The war in Bosnia, whether viewed as a civil war or as act as of aggression by one nation against another, prasents the EU with a troubling and divisive obstacle. Politically and diplomatically, the EU hardly -.. seems prepared to preaent itself as a true union when it-... cannot resolve the war in its 3 own backyard.

In America, on the other hand, the young nation's first war, in 1812, was against that familiar old enemy, England. It was a costly but unifying exercise.

Timothy Harper*



The Index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Argentine, Australia, Austrie, Belgium, Brazil, Canada, Chile, Denmark, Finland, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zeeland, Norway, Singapore, Spain, Seroden, Switzerland and Venezuela. For Tokyo, New York and Language Control of the Control of Seroden, Switzerland and Venezuela. London, the index is composed of the 20 top : otherwise the leg top stocks are tracked.

	Wad.	Prev.	change		Wed.	Prov.	change
Energy	111.57	111.68	-0.10	Capital Goods	112.90	112.73	+0.15
Utilities	125.24	124.74	+0.40	Raw Materials	128.68	129.08	-0,31
Finance	113.02	113.41	-0.34	Consumer Goods	102.63	102.82	-0.18
Services	111.35	111.56	-0,19	Miscellaneous	115.04	114.68	+0.31

Greenspan Warns of Inflation

WASHINGTON - The U.S. economy is growing more quickly than anticipated and inflationary pressures are building, Alan Greenspan, chairman of the Federal Reserve Board, warned Wednesday.

He said that consumer-price inflation, at a 2.6 percent annual rate during the first 10 months of 1994, had not changed appreciably from last year hut that price pressures were clearly evident.

Prices of raw commodities "have been rising rapidly for nearly twn years," he told the Joint Economie Committee in his first congressional testimony since July.

Mr. Greenspan's comments echoed the Fed's quarterly report on the economy — the so-called Tan Book — which is compiled by the 12 regional Federal Reserve Banks.

He said increasing demand may encourage producers of finished goods to pass on their higher costs to consumers.

Mr. Greenspan's assessment was seen by some as a sign of more rises in interest rates.

"Inflation is here, and there's no way of getting around it any longer," said Astrid Adolfson, an economist at MCM MoneyWatch in New York.

Congressmen urged the Fed to show restraint. The Federal Reserve should be very cautious about making any further increases in interest-rates before seeing the im-

pact of its recent strong acsaid Representative Kweisi Mfume, a Democrat from Maryland who is chairman of the joint committee. The Fed raised rates for the sixth time this year on Nov. 15,

by 0.75 percentage points.
Separately, the Labor Department said productivity of American workers rose a revised 2.9 percent in the third

(AP, Bloomberg)

Growth: Now Korea Pays **Accidents Show the High Cost of Haste**

anal Herald Tribune SEOUL — The underground gas explosion here that killed at least four and injured dozens Wednesday was but the latest in a string of disasters that underscore the shortcuts South Korea has taken in its mad dash to economic growth — and the unpaid hills that are coming

International Herald Tribune, Thursday, December 8, 1994

In October, the 15-year-old Songsu bridge spanning the Han River in Seoul collapsed, sending 32 to their deaths. Three days later, a cruise ship caught fire, killing 50.

By Steven Bruli

Earlier in the year, a Korean Airlines plane crash-land-ed at an island off the southern coast, and two longdistance trains collided.

In Seoul, several buildings are said to be on the verge of collapse because of faulty concrete, subway tracks are out of alignment, and elogged highways resemble parking lots. Wednesday's gas explo-sion occurred after gas leaked from a storage tank near a subway construction site.

The disasters and decay are testimony to an infrastructure that was built on the fly, has been poorly maintained and is now overwhelmed.

"In the 1960s and 1970s we were in such a burry that the main emphasis was on shortening the construction period and saving money." said II SaKong, chairman of the fustitute for Global Economics and a former finance minister. "Now we're paying the price of high growth."

The cost of repair and improved maintenance is unknown but will eventually be borne by taxpayers. In addition, the government plans to spend as much as \$110 billion for oew infrastructure in 1993-97, including a highspeed railway linking Seoul and Pusan and a oew international airport ocar Scoul. It is not only the infrastructure, bowever, but South Korea's economic structure and strategy that are in need of

Having grown far richer than most people would have imagined three decades ago. when the country ranked

Autoworkers call a strike over Samsang's entry into the industry. Page 19.

among the poorest on Earth, South Korea's economy has reached an awkward adolescence - no longer a develop-ing nation, it is not quite a fully developed one.

So, even as the country enjoys its best economic period in a decade - with an 8 percent expansion of gross national product likely this year and 7.5 percent forecast for 1995 — there is a growing conviction that a new formula must be found.

"We're the leading country among the newly industrializing economies and are about to join the ranks of the devel-oped nations," Mr. SaKong said. "But how to jump the burdle is a big question."

It is an issue that is also likely to engage the other "Asian tigers" — Taiwan, Hong Kong and Singapore as they continue growing at beadlong speeds, although those economies are generally more laissez-faire and thus more likely to adapt easily.

"One question is, to what extent is quality control key to sustained growth," said Peter Morgan, chief economist for Korea and Japan for Merrill Lynch. "Maintenance and corruption, these are sand in the gears that make things difficult."

In South Korea, there is broad agreement that what is most necessary is higher techoology and a less regulated economy. But knowing the goal and knowing bow to get there are different matters. Scoul's economie develop-

ly modeled on that of Japan. In the early 1960s, as Seoul

was starting to recover from the Korean War and from a long period of Japanese colonization before World War Il, government hureaucrats began calling the economic shots. They channeled scarce capital to strategie sectors and offered a protected home market to support export-led

growth. But although the strategy has been a success, Japan no longer offers a model. It is far more advanced and wealthier than South Korea, and its massive exports and towering trade surpluses have brought it heavy criticism from trade

pariners. Japan's recession also has underscored the suffocating effect that highly regulated domestie markets can have on development of technology and quality of life.

Moreover, it is clear that South Korea's reliance on growth from massive exports of capital-intensive products, its economie dependence on a group of immense chaebol, or conglomerates, and its legacy of government intervention in the markets are increasingly untenable.

South Korea's economy has simply become too big for government to manage, Until a couple of decades ago, officials may have served a constructive role in belping industry elbow its way into international markets. But now industries are too large and complex for officials to

Yet the government cootinues to exercise control over credit allocation, interest and exchange rates. Businessmen complain of micromanagement by government officials. and a program to privatize 47 state-owned companies, an-

See SEOUL, Page 17

Losses on Bonds Erode Profit at Deutsche Bank

By Brandon Mitchener International Herald Tribune

FRANKFURT - Deutsche Bank AG, Europe's most powerful private bank, reported Wednesday a 15.2 percent decline in operating profit in the first 10 months of the year.

"We would have wished for something better," said Chief Executive Hilmar Kopper, But. fending off charges of lacklus-ter performance by Germany's largest bank, be said the hank expected a "satisfactory" result for the full year.

Mr. Kopper blamed bond trading losses, the state of the German economy and high taxes for the bank's showing. which included a 27 percent deeline in net profit.

"Despite the hrightening overall economie climate - especially in Germany - the risk situation in the lending business bas not shown signs of lasting improvement compared with the previous year," Mr. Kopper said.

Operating profit after risk provisioning, the figure most German bank analysts follow, fell to 3.57 billion Deutsche marks (\$2.3 billion) from 4.21 billion DM a year earber.

The bank attributed the bulk of the decline to the extraordinary strength of the previous period. Between 1988 and 1992. average 10-month operating earnings of the bank rose by 0.4 billion DM, or 13 percent, the bank said.

In the first 10 months of 1994, bowever, income from trading oo the bank's own account fell 63 percent, to 543 million DM from 1.46 billion DM, largely because of a sharp rise in interest rates worldwide that led to losses in bood trad-

Mr. Kopper said the company had written down its bood portfolio by 327 million DM in the 10 months. The bank's equi- industry declined.

ty trading result was "very, very good" but not enough to offset the bond trading losses, he said.

Commission income rose 7.4 percent, to 4.87 billion DM, hut the bank's net profit in the period fell 27 percent, to 1.35 bil-lion DM from 1.85 billion DM.

Mr. Kopper put the bank's pretax return on equity at around 20 percent and declined to comment on the net return figure, which would be distorted by high tax payments.

Analysts estimated the net return on equity at about 8.1 ercent in the period, well below last year's average of 12 percent and a rate of 16 percent for some foreign hanks hut better than other big German banks.

"Next year they'll prohably be keen to talk about it because it'll be a fraction higher than usual," said Derek Bullman, an analyst at James Capel.

"Deutsche is much more profitable than the other German banks and has a much higher return on equity." he

Mr. Kopper dismissed criticism of the bank's own-account trading performance, saying, 'I'll bet we earn more from trading than all the other big German banks put together." Germany's second-largest

bank, Dresdner Bank AG, reported earlier in the week a loss in trading for its own account of 301 million DM in the first 10 months, reversing a profit of 536.1 million DM in the yearearlier period.

Deutsche Bank stock fell 2.50 DM to 735.80 in a market that was otherwise slightly firmer.

Regarding the renewed debate in Germany about the power of the banks in German industry and society, Mr. Kopper said the issue was "losing steam" as the average holdings of German banks in German

INTERNATIONAL MANAGER

Workers Try to Find a Voice

By Louis Uchitelle New York Times Service EW YORK - Although millions of people want more control over

decisions that govern their working lives, many American workers be lieve management has become so powerful that workers will not get that power - even in union shops - unless management grants it voluntarily, according to a new study. The study, to be made public this week in

Washington, is already influencing government policies. It found that workers would prefer to organize into independent groups that are not necessarily unions. Delegates from those groups would sit with managers on committees running workplaces. But in real life, most workers said, such

committees are effective only if managers cooperate. To secure that cooperation, a majority in the study said, they would consent to be represented by groups that are powerless.
"Workers want power, and they know

management cooperation is the key to having that power, but they don't know how to compel management to give that cooperation," said Joel Rogers, a professor of law and sociology at the University of Wisconsin and a co-director of the study. The AFL-CIO, the largest U.S. labor organization, had an advisory role in the study,

which was carried out mainly for a presidental labor commission. Management groups also gave advice. Spokesmen for those groups said they considered the findings accurate. Labor Secretary Robert B. Reich agreed.

"The survey," he said, "reveals that at least in employees' minds, current management practices are an obstacle to productivity gains.

This is a direct invitation to management to

For the presidential commission, the study was important because it interviewed individ-

ual workers, not just union representatives. "We have heard a great deal of testimony from union officials about what they think their members think and from management about what they think their workers think," said John T. Dunlop, the panel's chairman. "But this is the first statistically valid sample of what workers themselves think on a range of issues of particular interest to the commis-

No labor issue is more central today than labor-management cooperation. Each side favors a greater role for workers in decisionmaking. The big question has been how much independence and power workers should have.

calling for change in a labor law against company-controlled unions. The provision has effectively blocked the

The presidential commission is considering

use of labor-management committees at some companies on the ground that managers would too beavily influence them. The study suggests that workers, in their

desire to obtain management cooperation, might accept committees that give managers the final say. The findings also shed bight on a second issue before the panel. In a preliminary report

in the spring, the commission said the American workplace could not become efficient and competitive until the hostility between labor and management was reduced.

The chief source of the hostility, the com-See WORK, Page 19

5¼-5% 5¼-5%

Times Co. Gets Into the Age Of New Media

NEW YORK - The New York Times Co. has embraced the electronic age.

At a media conference spon-sored by Paine Webber Inc., Times Co. executives said Tuesday they expected the company to invest \$1 billion to \$1.5 biltion over the next five or six years to acquire television stations and invest in other electronie media businesses, such as cable television programming and providing information on CD-ROM computer disks and on-line services.

"We recognize that we are too dependent on print media and need to shift our portfolio more toward electronic media over time," said Gordon Medenica, vice president of operations.

Analysts greeted the ancouncement as an overdue step by a company that had appeared to not want to move too quickly toward electronic media.

Times Co., with annual revenue of more than \$2 billion, gets about 90 percent of its profit from newspapers and other publishing and 10 percent from lectronic businesses such as television stations. Times Co. executives said they planned to increase the

company's reliance on electronie media so that ultimately 75 See MEDIA, Page 16

5 % 5 % 5 % 5 %

Herald Eribune

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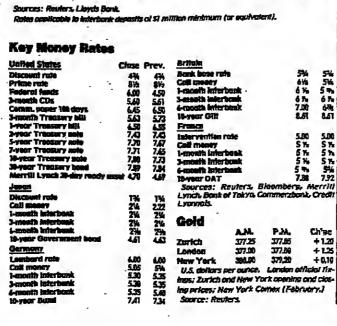
For summaries of the surveys from which these facts are taken, please call, in Europe, James McLeod on (33-1) 46 37 93 81; in Asia, Andrew Thomas on (65) 223 6478; in the Americas, Richard Lynch on (212) 752 3890.

Source: 1 VIVA Surveys '921'93, "Reader Survey '94

CURRENCY & INTEREST RATES

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Dow Jones Averages

Standard & Poor's indexes

NYSE Indexes

NASDAQ Indexes

Dow Jones Bond Averages

High Low Lost Chg.

431.06 427.91 429.20

AMEX Stock Index

NYSE Diary

AMEX Diary

NASDAQ Diary

Spot Commodities

Advanced Declined Unchanged Total issues New Highs New Lows

High Low Last Chy.

534.22 535.72 - 2.16 344.22 344.65 - 3.46 149.39 150.03 - 0.19 41.17 41.23 - 0.29 450.01 451.23 - 1.88 419.18 420.73 - 1.29

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Jon Sep Dec Mar Jon Sep Est, volu

--1.60 --1.19 --2.05 --0.34 --1.25

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EUROPEAN FUTURES

metric ton 1108.00 1109.00 1108.50 1109.50 1137.00 1138.00 1137.00 1138.00

Financial

Est. volume: 173,179. Open Int.: 509,23
3-MONTH EURDDOLLARS (LIFFE)
3 million pris of 100 pci
Dec. N.T. N.T. 92,78
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Jun N.T. N.T. 72,20
5-89 St. volume: 0. Open Int.: 44,53
3-MONTH EUROMARKS (LIFFE)
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Dae: 94,64

MARKET DIARY

Stock Prices Slide Amid Bond Malaise

Compiled by Our Stuff From Dispatches NEW YORK - Stocks drifted lower Wednesday, unable to shake off a malaise that came from a steep drop in bond markets and a bankruptcy filing by

a California county. The Dow Jones industrial average fell 10.43 points, to

U.S. Stocks

3,735,52. Earlier in the day, it had been down as much as 27

Analysts said the crisis over the bankruptcy filing, which followed major losses on trading in derivatives, should not significantly affect the market. But the drag was still evident.

"It makes you aware that there are people out there who don't know what they are doing, and by extension, you become less trustful of the market itself," said Trude Latimer, chief market strategist at Ferguson, Andrews & Associates Inc.

Orange County jitters were severe enough to send shares of Merrill Lynch down 14, to 35, on heavy trading — despite an explicit restatement by the brokerage giant that it had not in-curred losses related to the fias-

co, which was initially announced late last week.

The Dow

Daily closings of the Dow Jones industrial average

TFASOND

30% 5% 35 40% 18% 22% 37% 20% 25% 26% 26% 26% 26%

NYSE Most Actives

AMEX Most Actives

NASDAQ Most Actives

Market Sales

High Law Last

In the bond market, the benchmark 30-year bond fell 15/32, to 95 16/32, raising its yield to 7.89 percent, from 7.84 percent at Tuesday's close.

Bonds slid amid concern about brisk economic growth and the possibility that its bankruptcy filing might force Orange County to sell securities to raise cash.

The filing "is the crisis this year," said Don Hays, director of investment strategy at Wheat First Butcher Singer. "The bond market can get concerned about anything, and a worried bond market worries the stock market.'

On the Big Board, Continental Corp. jumped 4¼, to 18¼, in heavy trading after CNA Financial agreed to buy the company for \$20 a share.

McGraw-Hill Inc. fell 11/8, to 65%, after the publishing company said rising paper costs and postal rates would trim 10 cents share from its 1995 earnings. Several technology stocks

were down slightly, with MCI drifting 4, to 18%, and Microsoft slipping %, to 63. Un-changed were Intel, at 64½, and AT&T, at 47¼.

(Knight-Ridder, AP, Reuters)

County's Bankruptcy **Drives Dollar's Decline**

Compiled by Our Staff From Dispatches NEW YORK - The dollar slipped Wednesday as concern over a financial crisis in Orange County, California, overshadowed sentiment that short-term

interest rates would rise further. The dollar rose initially after comments by Alan Greenspan,

Foreign Exchange

the chairman of the Federal Reserve Board. He told a congressional committee that inflationary pressures were building in the U.S. economy.

His remarks fueled specula-tion that the Fed was poised to raise U.S. interest rates for a seventh time this year to temper growth. Higher rates often bolster the dollar by making U.S. assets more attractive.

that Greenspan's rather robust outlook for the economy may have increased the chances of a tightening," said Bob Lynch, an analyst at MMS International But the financial problems in

The county filed for bankruptcy after losing a large por-tion of its investment fund. The bankruptcy filing is the biggest ever by a U.S. county.

The dollar closed at 1.5676 Deutsche marks, down from 1.5724 DM on Tuesday. It also franc, it fell to 1.3255 francs from 1.3278.

"I think the dollar is going lower," said Alfonso Alejo, a trader at Sakura Bank, "Orange iceberg. The risk that this is the start of a plague that will spread to other municipalities is very

The pound rose against other "It appeared this morning major currencies after the Bank of England raised British base lending rates half a percentage point, to 6.25 percent.

up from \$1.5623.

Orange County eroded confi-

dence in U.S. assets.

fell to 99.950 ven from 100.100 ven and to 5.3840 French francs from 5.3995. Against the Swiss

County is only the tip of the

The pound ended at \$1.5660,

MEDIA: Times Co. Outlines Its Strategy for Expansion Into New Media Continued from Page 15 stations, two radio stations and percent of profit would come 28 local U.S. newspapers. Continued from Page 15

electronic media, Last year, Times Co. bought tributed over America Online the Boston Globe, the domi-nant newspaper in New Eng-Inc., and announced Tuesday the launch of a new service by land, for \$1.1 billion. At the the Boston Globe. time, some analysts questioned such a large investment in the

from print and 25 percent from

newspaper business. with the British-Dutch publisb-In addition to The New York ing giant Reed Elsevier PLC 1.5623. Times and Boston Globe, the that freed the Times Co. to use stations were currently selling likely to invest S30 million to (Bloomberg, Reuters) company owns five television the contents of the daily news-

paper in a variety of electronic investment strategy could be

services for consumers. The company operates an on-"Clearly they need to invest line service called Times, dismore in electronic media, in properties. whatever form, as a hedge against whatever happens to print," said John Morton, a newspaper securities analyst at

SERMAN GOVERNMENT BUND (LIFFE) DM 254,000 - pts of 100 pct

LSL VOLUME: 124-171, UPCH MILE: 1794/704.

IN-YEAR FRENCH GOV. BONDS (MATIF)
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Jos 112.42 112.50 112.18 - 0.00
Sep 110.44 111.45 111.25 - 0.00
Sep 110.44 111.45 111.45 - 0.00

Industrials

Last week, the company said Lynch, Jones & Ryan. it bad reached a 10-year deal Tod A. Jacobs, a media securities analyst at Sanford C. Bernstein & Co., said television

prudent for Times Co. if it did not pay too much for electronic

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Stock indexes

Sources: Matth, Associated Press, London hill Floancial Potures Exchange, Intl Petroleum Exchange.

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off Sexton II

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Mr. Medenica said the company remained committed to its newspaper businesses and believed that "newspapers bave a long and profitable future in front of them."

Lance Primis, the company's president, said Times Co. was

KKR a Step Closer to Borden Buyont COLUMBUS, Ohio (AP) — Kohlberg Kravis Roberts & Co and Borden Inc. worked out a deal Wednesday to placate linguods shareholders, knocking down another hurdle to KKR's planned \$2 billion offer to buy out the company. As part of the settlements, KKR promised to into Borden have

\$2 billion offer to buy out the company.

As part of the settlements, KKR promised to inject more months into Borden but has lost \$1 billion in the past two years due to saff

competition and high costs.

General Magic to Launch IPO Effort

WASHINGTON (Reuters) — General Magic Inc. said Wednesday it planned to launch an initial public offering of 4 million common shares.

The developer of software platform technologies said net proceeds of \$47.6 million would be used for working capital and general corporate purposes, while a portion might be used to hill acquisitions of complementary businesses.

Nasdaq Criticizes U.S.'s Request

NEW YORK (Bloomberg) — Nasdaq dealers Wednesday called excessive a Justice Department request for records as n continues its inquiry into allegations of price-fixing.

Securities firms that operate on the over-the-counter market said the department was seeking records detailing money paidso other dealers in exchange for securities. It also wants traden phone numbers and has asked firms to disclose traders' and supervisors' compensation and the total number of Nasdaq stods each firm bought and sold annually.

Santa Fe Struggle Heads for Court

CHICAGO (AP) - Burlington Northern Inc. has taken the battle for Santa Fe Pacific Corp. to federal court. Burlington Northern filed a lawsuit late Tuesday in U.S. District Court in Philadelphia challenging Union Pacific Corp.'s bid

for Santa Fe. The suit challenged Union Pacific's proposal to put Santa Fe into a "voting trust" that would run the company while federal regulators decided whether a merger of Union Pacific's and Sanja Fe's rail operations was anti-competitive.

Whirlpool Entering Chinese Market

BENTON HARBOR, Michigan (Reuters) — Whirlpool Corp. said Wednesday that it was entering the home-appliance market in China with two joint ventures.

The appliance maker said it was acquiring a majority interest in China's largest microwave-oven producer and establishing a joint venture with the country's first refrigerator manufacturer.

Apparel Firms Charged With Bribery

NEW YORK (Bloomberg) - Officials of Anne Klein and eight other New York-based apparel contractors were charged Wednesday with paying bribes to the International Ladies Garment

Workers Union to avoid contributing to union benefit funds.

Two union organizers were charged with taking bribes. These other union officials were charged earlier in connection with the same investigation, the Labor Department said.

More Firms Have Women Directors

NEW YORK (Bloomberg) - More than half of the Fortune 1,000 companies - and almost all of the most profitable ones have at least one woman on their boards of directors. A survey conducted by Catalyst, a New York-based nonprofit

research group, found that 58 percent of America's 1,000 largest companies had women directors, 11 percent more than in 1993,

Metrocall Bids to Buy USA Mobile

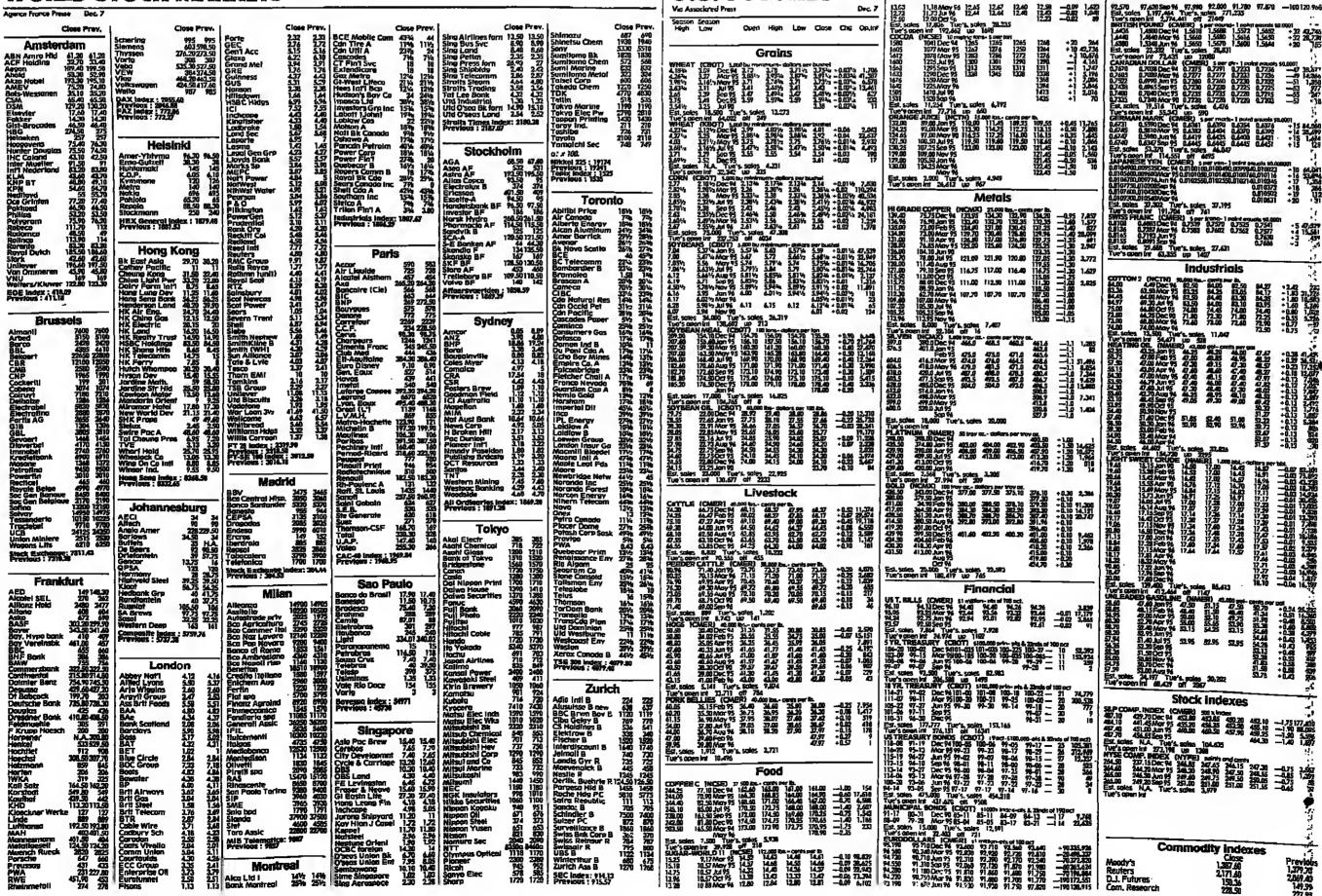
ALEXANDRIA, Virginia (Bloomberg) - USA Mobile Communications Inc. had no immediate response Wednesday to Metrocall Inc.'s offer to buy it for \$400 million. Metrocall announced the offer in a letter to USA Mobile's

chairman and chief executive, Janice Fuellhart, saying it would proceed with the offer only on a friendly basis.

For the Record

Forschner Group Inc., which says it is the exclusive U.S. importer of Swiss army watches, is suing retailers Waban Inc. and Orvis Co. for using the trademark. (Bloomberg) Lehman Brothers Inc. laid off about 200 employees in its trading services division last week, a company spokesman said (Bloomberg)

WORLD STOCK MARKETS



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EUROPE

Iberia Assets Going on Sale in New Rescue Bid

MADRID - Iberia will put its most profitable assets up for sale to try to avoid bankruptcy. a spokesman said Wednesday, as the airline's management prepared to meet with unions. Iberia said it would contract several international investment houses this week to begin the sale. The assets include the

domestic airline Aviaco and the charter carrier Viva Air. in Iberia's route between Madrid and Barcelona and its handling operations are also among its most profitable operations.

to meet with unions late company asks for," a ministry Wednesday to explain its emergency plan.

The carrier's management committee gave the go-ahead Tuesday for the plan, which, in addition to the assets sale, calls for cutting the work force by 20 Unions warned managers

they would stage more strikes if the plan is put into effect.

"If they plan to go ahead with these cuts, they can expect a correspondingly strong re-sponse from unions," the Gen-

eral Workers Union leader Candido Mendez said. The previous attempt to save the airline collapsed Monday when pilots rejected management proposals for a 15 percent pay cut. Other unions repre-

senting 95 percent of Iberia's

work force had accepted that

Iberia's management was meeting with the uninns that bad agreed to explain the breakdown of talks with the pi-

Even if the new plan is implemented, layoffs will not be imminent. Spanish law requires a 30-day negotiating period be-fore group layoffs can be autho-rized. If no agreement is reached in that 30 days, the Labor Ministry has 15 days to resolve the problem.

"The Labor Ministry duesn't Management was scheduled bave to accept everything the spokesman said.

Pricing of Iberia's various holdings will probably begin next week. One of the most attractive assets will be its handling operations, which include passenger and luggage eheck-in and unloading, maintenance and refueling for most planes that land at Spanish airports.

Almost half of Iberia's staff works in some aspect of handling, and the operation has been estimated to be worth 87

billion pesetas (\$660 million). Iberia management has said the carrier could go bankrupt in March, after losing more than 150 billion pesetas over the last three years. Its loss this year is expected to significantly exceed 30 billion pesetas.

(Reuters, AFP, Bloomberg)

Soft Market for Solid Russian Issue Chocolate Factory's High Standards Don't Aid Stock

By Alessandra Stanley

احكذا من الاعل

Mew York Times Service MOSCOW — Business, like love, is blind. One of Russia's best-known and most respected companies, the Red October chocolate factory, offered \$22 million in stock this week - the first Russian company to raise equity in a way that meets Wall Street's bookkeeping standards. Yet few investors were smitten.

Within Russia's murky transition to a market economy. Red October shines a beacon signaling that some publicly traded Russian companies are ready to play by Dun & Bradstreet rules. But it has also fallen victim to a callous rule of romance: High standards and a good reputation don't necessarily hring love.

"Let's face it, foreign investors do not come to gamble on the Russian market to earn 10 percent or 15 percent returns," said Jean-Louis Tauvy, a French banker who manages the Kaltchuga Investment Fund in Moscow. "They come for the dream of making 300 percent or noth-Western consultants, he said, had "lost sight of the Russian context" when they adopted Red October as an experiment in Western-style equity financing.

"There are so many companies for sale in Russia at far better prices," Mr. Tauvy continued. "We considered huying Red October but decided against it. Besides, Russians mainly seem to be eating Mars bars and Snickers."

Or, as Bernard Sucher, managing director of the Russian brokerage firm Troika Dialog, put it: "You've got to love Red October to buy it."

Despite the company's exemplary eftorts to enhance its credibility on the international market, he said, he could not coan his clients to buy shares in the chocolate factory.

Russian officials and Western consultants wanted to make the former model Soviet factory, named for the Bolshevik Revolution of 1917, a paradigm for the nuscent Russian stock market. Red October was privatized last year and turned over to worker ownership amin great fanfare. U.S. Treasury Secretary Lloyd Bentsen bought a share of its stock for \$20 when be toured the plant in January.

Instead of seeking central bank credits or a joint venure with Western giants such as PepsiCo, Red October issued a secondary offering of stock Monday, floating 3.5 million shares at 20,000 ru-oles (\$6.25) each to raise \$22 million. The injection of capital was intended to modernize equipment, introduce modern marketing methods, open a chain of re-tail outlets and build a factory.

In a country where no computerized central data bank exists to register stock trades, and where brokers seeking shares in an oil company must fly in the company's beadquarters in Siberia to register the purchase. Red October offers investors case and accountability, plus a glossy company report listing profits, risks and the leading shareholders. The factory in central Moscow even installed

a telephone hot line for shareholders. "We want to help privatized Russian companies raise equity finance in an efficient and proper manner," said Riehard

Wilson, a director of the Know-How Fund, a British government program that is coaching the privatization effort. Enlisting the help of Samuel Montagu & Co., the British-based investment banker, and auditors from Deloitte & Touche, the fund invested more than \$1 million to help Red October organize its financing and prepare its share offering.

It was a pilot program, Mr. Wilson said, "designed to give them insight into

Western-style new issue practices." Many brokers in the Russian market

lauded Red October's effort, even as they refrained from buying the shares. "It is very important that this be successful," said a Moscow-based broker with a major New York firm, who spoke on the condition that he not be identified.

"It's a great first step, but at the end of the day \$20 million is nothing," he said, calling Red October's offering a kind of national "loss leader," a chance for Russian brokers to practice what Western economists have preached.

Oleg Tsarkov, director of Grant Financial Center, the brokerage firm handling Red October's shares, said it was too early to provide exact sales figures. But he said institutional huyers had proved unexpectedly reluctant, and be hiamed insufficient advertising for the small turnout among

ordinary Russian buyers. Yet Red October chocolate, like some domestic vodkas, remains popular with Russia's consumers. The company reported a profit of \$20 million last year. And its brand name inspires confidence in a land rife with pyramid schemes and other stock-market scams.

Investor's Europe Frankfurt London. CAC 40 FTSE 100 Index DAX 3330 Exchange -0.27 Amsterdam 410.09 411.18 7,311.43 7,310.26 40.02 Brussela Frankturt 2.055.60 2.046.88 Frankfurt FAZ 772.06 772.27 Helsinki 1,881.53 -0.16 1,878.48 Financial Times 30 2,319.96 ... 2,318.50 London +0.06 FTSE 100 3,012.50 3,016.10 London -0.12 304.44 . 304.53 . Madrid General Index · Man 9,807.00 9,827.00 MIBTEL Paris 1,989.84 1,988.95 +0.05 1,890,59 1,869.99 -1.01 Affaetsvaaktden Stockholm 1,844.01 1,044.82 -D.08 ATX Index S8S . . . -0.16 914.13 915.57

Very briefly:

 German authorities arrested two employees of Deutsche Bundespost Telekom on suspicion of defrauding the German phone company, after prosecutors confirmed a report in the International Herald Tribune that an investigation was under way.

. Bang & Ohnsen Holding AS, a Danish maker of home entertainment systems, said lower costs would enable it to triple first-half pretax profit, to 120 million kroner (\$20 million).

• Bass PLC, Britain's biggest brewer and the world's largest hotelier, said annual profit rose 8.7 percent, driven by a strong upturn in its Holiday Inn botel chain.

· Carlton Communications PLC said its venture into the British television industry helped it raise annual pretax profit 51 percent, to £190 million (\$296 million).

Ukraine's Parliament lifted a four-month han on privatization but derailed plans to accelerate reform by approving a list of several thousand enterprises that will remain in state hands.

cent jump against the dollar this British Sky Broadcasting Co. and Walt Disney Co. said The Disney Channel would be launched exclusively on the Sky satelbte television network in the autumn of 1995.

• British statisticians said the number of tourists visiting the country grew 9 percent in the third quarter from a year earlier.

· European Commission officials said they might conduct an inquiry into state aid for Lufthansa AG.

SEOUL: South Korean Economy Pays the Price for Its Rush to Growth

VSEL Stock Hit by Inquiry

LONDON - VSEL shares fell 13 percent Wednesday after the Department of Trade and Industry referred rival bids by British Aerospace PLC and General Electric Co. for the

submarine maker to Britain's antitrust body. The action means the bids are effectively suspended until the Monopolies and Mergers Commission issues its report, which is due by March 15.

VSEL's shares closed down 197, at 1,338 pence (\$20.90). GEC rose 2.5, to 275.5, while BAe fell 4, to 433.

Michael Heseltine, president of the Board of Trade, said the department had acted because the bids had raised issues of public interest and competition in the procurement of warships. The commission is to investigate only the military aspects of the proposed VSEL sale.

NYSE

(Bloomberg, Reuters, Knight-Ridder)

Continued from Page 15

nounced in February, is behind schedule.

"The government's view is myopic," said Kim Kyeong Won, senior economist at the Samsung Economic Research Institute. "They try to control the Korean economy even though it's already too big for them to control."

There are also signs that the chaebol strategy of building up excess capacity in capital- and technology-intensive industries and then muscling into markets with cut-rate pricing will lose credibility.

Samsung Electronics, for exto enter the memory chip margest supplier of 4 and 16-megabit D-RAMs. Sales are boom-

But in microchips, as in liquid crystal displays, automobiles and other technology-intensive industries South Korea has targeted, the costs of doing business are rising exponentially. On Wednesday, for example, Toshiba Corp. of Japan said it would build a \$1 billion plant next February in central Japan. The facility will manufacture 64-megabit D-RAMs.

South Korea's three semiconductor makers - Samsung Electronics, Hyundai Electronics and Goldstar Electron ample, invested massive sums plan to invest more than \$6 billion in new chip plants in 1995. ket dominated by Japan. After But there are questions whether years of losing money, it has they will be able to continue become the world's single big-investing in new plants as costs

escalate, particularly if their competitive with Japanese ones business strategies assume that losses are the cost of marketshare expansion,

"Capital-intensive industries are becoming more capital-in-tensive and Korea has a chronic shortage of cash," said Stephen E. Marvin, head of international research at SsangYong Investment & Securities Co. "They can try to raise more money abroad, but then they'll need to be more reasonable or nobody will buy their paper."

Without doubt, there are signs that the South Korean government is becoming less interventionist. On Wednesday, for example, the Trade Ministry gave the green light to Samsung Heavy Industries to enter the auto business. The decision led to a strike call and a march by protesting autoworkers that was broken up by riot police using tear gas. Competing auto-makers fear Samsung's entry will lead to excessive competi-

tion.

The government binted Wednesday that it may open the stock market fully to foreigners in 1998 or 1999. The ceiling for foreign stakes was raised to 12 percent from 10 percent last week and will be raised to 15 percent next year.

On Monday, South Korea completed plans to phase out foreign exchange controls by

The conviction on bribery charges this week of three prominent industrialists also underscored president Kim Young Sam's determination to

combat corruption.

Moreover, South Korea's economy is booming as companies invest in production facilities to meet demand from the United States, China and Southeast Asia. Its semiconductors, cars, ships, steel and other products have become far more "The Korean economy is do-

ing well, but there are many short-term factors such as the yen," Mr. SaKong said. "In the long run, we can't count on these benefits. We'll have to move up the industrial ladder."

as a result of the yen's 12 per-

FIDELITY ORIENT FUND

Société d'Investissement à Capital Variable Kansallis House - Place de l'Etoile L-1021 Luxembourg

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of Fidelity Orient Fund, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on December 27, 1994, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.

Presentation of the Report of the Auditor.

Approval of the balance sheet and income statement for the fiscal year ended Discharge of the Board of Directors and the Auditor.

Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3rd, Barry R. J. Bateman, Charles T.M. Collis, Sir Charles A. Fraser,

Jean Hamilius and H.F. van den Hoven, being all of the present Directors. 6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxem-

Consideration of such other business as may properly come before the meeting.

Approval of items 1 through 7 of the agenda will require the affirmative vote of a majority of the shares present or represented at the meeting with a minimum number of shares present or represented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding sbares, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: November 30, 1994 By Order of the Board of Directors



NOTICE

The minimum initial subscription amnum in the FCP's Citi Asia Capital Guaranteed Fund and Citilatin America Capital Guaranteed Fund is reduced to US\$ 100.



Weekly net asset on 30.1.94 U5 \$ 23L68 Listed on the

Amsterdam Stock Exchange MeesPierson Capital Management Rutin 55. toll KK Amsterdam. Tel.: + 31-20-5211410.

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FIDELITY FRONTIER FUND Société d'Investissement à Capital Variable

Kansallis House - Place de l'Etoile L-1021 Luxembourg

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Sharebolders of Fidelity Orient Fund, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on December 29, 1994, specifically, but without limitation, for the following purposes:

Presentation of the Report of the Board of Directors.

2. Presentation of the Report of the Auditor. Approval of the balance sheet and income statement for the fiscal year ended

Discharge of the Board of Directors and the Auditor. Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3rd, Barry R. J. Bateman, Charles T.M. Collis, Sir Charles A. Fraser,

Jean Hamilius and H.F. van den Hoven, being all of the present Directors. 6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxem-

Declaration of a cash dividend in respect of the fiscal year ended August 31, 1994.

8. Consideration of such other business as may properly come before the meeting. Approval of items 1 through 8 of the agenda will require the affirmative vote of a majority of the shares present or represented at the meeting with a minimum number of shares present or represented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent 13% t of the outstanding shares, each share is entitled to one vote. A shareholder may acl at any meeting by proxy.

Dated: November 30, 1994 By Order of the Board of Directors



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Two sizes for men and one size for ladies. Quartz or mechanical self-winding movement. Curved sapphire glass. Water-resistant to 30 metres. Metal bracelet or water-resistant sharkskin strap. 5 year international limited guarantee.

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Autoworkers In Korea Call Indefinite Strike

Compiled by Our Staff From Dispatches SEOUL - Autoworkers' unions declared an indefinite protest strike Wednesday after the government announced that it would allow the Samsung Co. to move into car manufactur-

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The general strike announcement came during a demonstra-tion by about 10,000 workers in poorer corporate earnings and Seoul shortly after a unit of Samsung, a major manufacturer of electronic and industrial products, was granted govern-ment approval to start building

Union leaders from the five existing South Korean automakers said the strike would start Thursday and would be "indefinite unless the government retracts its decision."

Such a strike would be illegal under South Korean law and could inflict severe damage oo a oming industry that produced nore than 2 million automobiles last year and had export sales totaling \$4.5 billion, or 6.2 per-

cent of the country's exports. Managers at Hyundai Motor Co., Dacwoo Motor Co., Kia Motors Corp., Asia Motors Co. and Ssangyong Motors Co. appealed to the unions to abandon the strike plan, saying it would cost the industry \$225

million a day in lost sales. The strike decision came shortly after Trade Minister Kim Chul Su announced the government would allow Samsung Heavy Industries Co. to import the technology oecessary to begin car production m

short-term effect on existing husiness, but I believe free competition will contribute to our car industry in the long run," Mr. Kim said.

Workers and union leaders have said such a move would cause saturation in South Koless joh security — as well as deepen the country's dependence on Japanese technology.

Some industry executives also say a new entrant would flood the market and lead the industry into a slump through cutthroat compension. "The domestic market will

face serious overcapacity in five years, and it will be very, very of Merrill Lynch International Inc. in Seoul.

"There is no reason to hlock Samsung's hid. But it will prompt a restructuring of the domestic car industry," said Lee Sang Jim of Schroders Secu-

Some had more doubts about Samsung's choice of Nissan, which has been posting large losses and losing market share in Japan, as a partner.

Samsung said it would pay Nissan royalties of 1.9 hillion yen (\$19 million) plus between 1.6 percent and 1.9 percent of the price of each car for the technology.

The plan calls for Samsung's heavy-machinery and ship-hulding unit to produce 65,000 a venture with Nissan Motor sedans a year starting in 1998.

Co. of Japan. (AFP, Reuters)

Chic Condos in the Slums **Bombay Builders Seek Inexpensive Land**

sell the three-bedroom con-

dos in its as-yet-unnamed

Ghanshyam S. Sheth, execu-

tive director of Great East-

ern, "that I can offer great

For the time being, there

are plenty of buyers. Great

Eastern said it had already

But as more buildings ap-

pear in oeighborhoods like

this, the developers who huilt

them become increasingly

the United States: Compa-

nies such as Xerox Corp. that

jumped into huilding office towers in the boom of the

with seasoned developers -

are now trying to dump

huildings that have been

largely empty for years, since

the real-estate market col-

But when the market does

turn down here, at least the banks will not be saddled

loans, as they have been in the United States and Japan,

Commercial banks in India

are forbidden by law from

Some companies get

around that hy having their

boards secure the loans per-

lending to developers.

lapsed in the early 1990s.

Consider the latest cycle in

vulnerable to a downturn.

value for a great price."

sold most of the condos.

square foot.

BOMBAY - Deep in the heart of this island city, workers are putting the finishing touches on a plush 23-story condominium tower with its

own tennis courts and pool. It looks like the wrong building in the wrong place. For this is Bombay's ruined heart — neighborhoods of boarded-up textile mills and tenements called chawls where families of 10 cram into a single room.

As the Bombay real-estate market booms, the developers are spilling out of its pricey southern tip and ioto blighted neighborhoods such as this one, known as Bombay Central.

So profitable is building housing these days that all kiods of companies have piled into the business, from shipping concerns to liquor

Nobody knows how long the party will last, though. In real estate, what goes up must usually come down, and many of these companies could end up nursing some bad hurns.

For the time being, realestate prices continue to soar. In the better neighborhoods in the south, housing is so scarce that condos go for 30,000 rupces a square foot, or about \$1,000 for a space not much bigger than a computer screen.

Prices like those make Bombay the third most expensive housing market in the world, after Hong Kong and Tokyo, hy some estimates.

For a company like Great Eastern Shipping Co., India's largest shipping coocern. buying cheap land in the

slums and huilding condo towers is a lot more profitable dia's second-largest home builder - borrowed \$4 milthan shipping freight. lion, which its directors per-Because land is so much sonally guaranteed would be repaid. But that is not practicheaper in the poorer oeighborhoods, Great Eastern can cal for most companies.

Indian companies finance as much as half of their huildtower for 12,000 rupees a ing costs by pre-selling con-dos — something they could "It is only because our complex is where it is," says oot do in many markets, as buyers in most places hesitate to pay a lot of money for a condo they have not seen.

Indian developers will need to raise an enormous amount of capital — perhaps as much as \$4 hillioo nationally over the next few years - if demand is to be met.

Many of the oew players are starting to turn elsewhere to get these huge sums. Some are raising cash by selling shares in their real-estate subsidiaries to the public.

With the outlook for the Indian economy fairly strong. the real-estate market may stay healthy for the oext several years.

1980s - even in partnership There are some Bomhay residents, however, who are not thrilled by that news.

They are the people who live in the run-down neighborhoods. They fear gentrification will eventually push them out of their tenements and leave them oo place to go with a lot of had real-estate but the streets.

Then there are the mills. The government is finally letting the owners sell land around the plants. The moncy, however, is not going back into the mills, generating jobs for the unemployed. Eventually, residents fear, the mills will be torn down as well -Lok Housing & Constructo make room for more contion Ltd., for instance - In- dos and office towers.

Fidelity's Gaffe Hits Markets

TOKYO - News that a calculation error had forced the world's biggest mutual fund to cancel a year-end payout sent mioor shock waves through stock markets in Asia on Tuesday as investors feared a wave of redemptions by U.S. funds.

Fidelity lovestments an-nounced Monday that it would not make a year-end distribu-tion of income to the 3 million holders of its Magellan fund.

The announcement surprised investors, who look at the Magellan fund as a prime indicator of the health of the U.S. mutual

fund industry.
"There is a belief this is another nail in the coffin, that it will cause more redemptions," said Clive Weedon, sales and research director at Asia Equity

in Hong Kong.
In Tokyo, the Nikkei Stock
Average fell 166.24 points, to
19,174.23, in part because of the news. In Hong Kong, the Hang Seng index fell 64.15 points, to 8,332.65.

Traders were concerned that the Fidelity annouocement would prompt U.S. investors who had oot yet cashed out of stocks to take advantage of higher interest rates by investing in bonds - in particular, that U.S. fund managers would try to raise funds hy selling some of their Asian holdings.

That would be a troubling turn, because American mutua funds dedicated to Asian shares were one of the main forces behind the gains in Asian markets last year, said Bruce Rolph, head of research at Salomoo Brothers Singapore Ltd.

A retreat hy U.S. funds is already evident in Tokyo and

Singapore, traders said.
"We have seen quite a lot of Standard Chartered Securities Singapore Ltd. Mutual funds have been trying to sell stock "at whatever price," she said.

In Taipei, investors shrugged off the news. The response elsewhere, said James Rosenwald, president of Rosenwald Capital Management Inc. of California. was "much ado about nothing."

He said rising interest rates were the main reason Asian markets were falling.

Investor's Asia Tokyo Nekej 225 Hong Kong Hang Seng Singapore Straffs Times 1984 N D Exchange Hong Kong Hang Seng Singapore 2,180.38 2,187.07 Straits Times All Ordinaries 1,869.20, 1,891.20 Nikkei 225 Tokyo ... 19:174.25 19:340.47 951,68 953,68 Kuala Lumpur Composite 1,330.35 1,342.59 Bangkok SET Composite Stock 1:068.83 1.075.01 2:0.57 Seoul Weighted Price 6.777.68 6.709.47 41.02 Manila PSE 2,663.17 2,655.63 + +0.28 482.33 Jakarta Stock Index 468.39 0.87 New Zealand NZSE-40 1,931.29 1,941.45 ,0.52 National Index 1,696,63 1,920.99 27

Very briefly:

• International Business Machines Corp. said it planned to establish a research laboratory in Beijing by mid-1995 to support joint projects with universities and research institutes. Separately, Microsoft Corp. said it would sign a memorandum of understanding Thursday with China to develop its new Windows 95 program.

• Toshiba Corp. said it would begin in Fehruary to build a \$1 billion "clean room" for mass production of dynamic random access memory chips at Yokkaichi in central Japan in February. • Brierley Investments Ltd. said it would sell the 28 percent stake it acquired only last mooth in Wilson & Horton Ltd., publisher of the New Zealand Herald, after Wilson & Horton said it wanted a media company as a major holder instead.

Journalists at News Ltd., the Australian unit of Rupert Murdoch's News Corp., walked off the job in Melbourne and Adelaide on Wednesday, joining strikes started Tuesday by their colleagues in Sydney and Brisbane over the spread of non-union contracts as well as issues of copyright and allowances for oew technology. · Hopewell Holdings Ltd., a Hong Kong-based construction, real estate and power utility concern, canceled its first international

bond sale and will use bank borrowing for financing instead. Bloomberg, AFX, AFP, Reuters

redemptioo selling," said Dianne Lim, head of research at

Continued from Page 15

WORK: Employees Want a Say

mission added, has been management's aggressive campaigns against union organiz-

Ing.
The AFL-CIO wants the commissioo to recommend changing laws to make organizag easier. The study suggests that workers themselves quite apart from organized labor — favor easier union orga-

A third of the nonunion workers surveyed said they would vote for unions to represent them, though some said they would not do so in the face Ninety percent of the union members in the study said they wanted to keep their unions.

The most startling finding in the six-month study, which first

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involved focus groups and then telephone interviews with 2,400 workers, came when the workers were asked to choose between two types of organizations to represent them. One would have no power but would have management's cooperation. The other would have power but would be opposed by management. By a 3-to-1 margin, the workers chose the

weaker organization. Seventy-three percent of the rkers surveyed said they believed that management was so powerful that any employee organization formed to have a say on issues such as wages, beneof management opposition. fits, working conditions, technology and production goals could "only be effective with management cooperation."

Just 38 percent said they were confident that their companies kept promises to employees, and 76 percent said their companies would be more competitive if "more decisions about production and operations were made by employees instead of managers.

Keidanren Mulls Asia Caucus Stand

TOKYO - The Japan Federation of Economic Organizations, or Keidanren, is considering supporting an East Asian Economic Caucus early next year, a spokesman said

Wednesday.
The lobbying group for big business in Japan said it hoped to decide on its stand before sending representatives to talk with members of the Association of Southeast Asian Nations in February.

But Shunsuke Kohiyama, the spokesman, said no decision had been made on whether Japan itself should join the group. As envisioned by its propo-nents in Keidanren, the East

Asian Economic Caucus would

be a group akin to the European

Union and North American

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Free Trade Agreement, which offer participants places to discuss issues of mutual interest.

Prime Minister Mahathir bin Mohamad of Malaysia proposed the caucus in 1990 and has been its strongest supporter in the region, ASEAN members agreed to establish an East Asian Economic Caucus io 1992 to act as a regional coo- nomie recoveries elsewhere. sulting group.

The United States has opposed forming such a group, saying it would weaken broader ciforts in support of free trade such as the Asia-Pacific Economic Cooperation conference.

■ Upswing Seen in Japan

Corporate Japan is recovering from its slump, and profits will rise in the current business year after four years of declines, Reuters reported, quoting re-

search institutes. The institutes said they had become more optimistic because of restructuring efforts by companies, a recovery in private consumption helped by a hot summer and tax cuts, and stroog exports fueled hy eco-

Taiwan Thins Trade Surplus

TAIPEI - Taiwan's trade surplus shrank 21 percent in Novem-

ber to \$950 million, compared with a year earlier, despite record exports and imports, the Finance Ministry said Wednesday.

Exports jumped 26 percent to a monthly record of \$9.47 hillion, and imports rose 35 percent to \$8.52 billion, also a record, the

ministry said. Exports are picking up on quickening global economic recov-," said Chen Chang-shang, chief of the ministry's department of statistics. Imports grew as consumers who have benefited from economie growth at home snapped up foreign goods, analysts said.

(Bloomberg, AFP)

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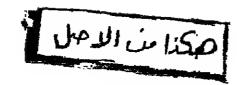
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SPORTS

Rockets, Without Olajuwon, **Are Outgunned by Sonics**

season for the Seattle Super-

After 16 games last fall, they were 15-1 on the way to an NBA-high 63 victories. This season, they got off to a 5-5

NBA ROUNDUP

start, but have since won six straight games - the longest current victory streak in the National Basketball Association — and eight of their last nine. Their latest effort was a t03-90 defeat of defending NBA champion Houston on Tuesday

night in the Tacoma Dome. The Rockets got off to a 9-0 start, but now have faded to 11-5. To make things worse for Houston, the Rockets played Tuesday without Hakeem Olajuwon, the league's Most Valuable Player last season and Houston's leading scorer and rebounder. Olajuwon crashed

injuring his right wrist last Thursday at Golden State. The Rockets aren't sure how long Olajuwon will be out. Meanwhile, Gary Payton says the Sonics "are beginning

into a photographer's camera,

to play like we did last year." Payton, despite back spasms caused by a fall on ice and snow earlier in the day, scored a seasonhigh 30 points against Houston. Otis Thorpe, starting at center in place of Olajuwon, led Houston with a season-high 2t points, and Vernon Maxwell added 20.

Phoenix's game with the Washington Bullets in Landover, Maryland, had to be postpoued because of condensation that made the court unusable.

Hawks 94, Nets 91: In East Rutherford, New Jersey, Craig Ceballos had 28 points and 12 son record in more than a de-Ehlo converted a breakaway rebounds to lead the Lakers, cade — eight victories in 15 layup and foul shot with 0.3

assists, Stacey Augmon added 17 points and Grant Long 16 for the Hawks. Kenny Anderson led the Nets with 24 points.

Mavericks 124, Spurs 121: In San Antonio, Jamai Mashburn scored 34 points, Jimmy Jack-son added 28 and Roy Tarpley had season-highs in points and rebounds to lead Dallas to an overtime defeat of San Antonio. Jackson's finger-roll with 37.6 seconds left in overtime gave the Maverieks the lead for good. David Robinson matched his season-high with 42 points, but he fouled out with 54.7 seconds left in overtime. Vinnie
Del Negro scored 25 points and
Avery Johnson had 22 points.

Scored 14 of his 18 points in the Tarpley had 22 points and 14 rebounds for the Mavericks.

Magic 114, Cavaliers 97: Anfernee Hardaway scored 10 points and Shaquille O'Neal Anderson finished with 26 points each and Hardaway finished with 20 for the Magic, which has won nine of 10 and Isaiah Rider had 23.

20 points early in the final peri-od. The Celtics, who dropped their third straight, made only 12 of 36 shots after halftime. Dino Radja had 23 points to lead Boston. Dominique Wilkins added 20.

Lakers 113, Warriors 101: Los Angeles made a franchiseseconds remaining as Atlanta State 61-42 and beat the War-points for the visiting Bucks.

The Associated Press

TACOMA, Wash. — It's besigning to look a lot like last finished with 17 points and 12 scored 23 points for the Warsenson for the Season for the Seaso riors, who have lost seven of their last eight games.

Pacers 90, Pistons 83: Dale Davis had 19 points and 11 rebounds and Reggie Miller made a key 3-pointer to stop a late raily as Indiana beat Detroit. The Pacers led by 13 with 5:30 remaining, but Detroit used a 12-2 run to pull within one on a 3-pointer by Terry Mills with 1:47 remaining. Mills scored 11 of his 16 points in the fourth quarter. Miller, who scored 18 points, nailed a 3-pointer with 22 seconds remaining to seal Indiana's home-court victory.

second half and rookie Jalen Rose started a fourth-quarter rally to lead Denver over Minnesota. Rose scored six straight points to turn a one-point defihad nine in Orlando's 42-point cit into an 88-83 lead with 6:08 first quarter as the Magic won in Cleveland O'Neal and Nick Ellis' baseline jumper sent the Timberwolves to their 12th

Hornets 106, Jazz 97: In Salt Knicks 104, Celties 90: In New York, Charles Smith had made six of Charlotte's 13 3-20 points and New York shut pointers, including four in the pointers, including four in the down Boston in the second half. fourth quarter, to lead the Hor-The Knicks led by as many as nets. Larry Johnson led Charlotte with 28 points, while Karl Malone had 31 for Utah. David Benoit and Jeff Hornacek had 18 points each.

Sacramento 108, Milwankee 95: Olden Polynice had 22 points and 16 rebounds and Walt Williams added 20 points to lead Sacramento over visiting record 11 3-pointers to hold off Milwaukee. The victory gave visiting Golden State. Cedric the Kings their best early seacade - eight victories in 15



who outrebounded Golden games, Glenn Robinson had 31 The Cavaliers' Tony Campbell in the land of the giants, pressured by Anthony Avent and Shaquille O'Neal of Orlando, which has won 9 of 10 games, defeating Cleveland, 103-90.

A Lackluster Victory For No. 10 UConn

against outmanned opponents peared to be a sprained ankle.

are tough.
The 10th-ranked Huskies looked good in a victory over then-No. 6 Duke in last week's Great Eight. But things looked a lot different in the eyes of

COLLEGE HIGHLIGHTS

Coach Jim Calhoun after the 74-70 defeat Tuesday night of Boston College — a team trying to replace four starters from last season while handling the loss of a star freshman, Chris Herren, for the season because of

wrist surgery.
"I don't think the opponent
was that important," Calhoun
said. "The opponent was our
own uniforms. We didn't play with enough emotion."

The Huskies (4-0) don't play again until Dec. 23, and that means time for Calhoun to think about the tough road victory over the Eagles (2-2).
"I won't forget about it
Thursday," he said. "I won't
forget about it Friday. I won't

forget about it Saturday. It was a total breakdown defensively. It's the first time in a long time that someone a played with a lot more emotion than we have." The game was tied, 68-68, when Doron Sheffer hit a 15-

footer with 34 seconds left to give the Huskies the lead for They played with a lot of courage and played their hearts out," Boston College's coach Im O'Brien said of his team. Fair led Connecticut with 21

Danya Abrams carried the Eagles with a career-high 29 points and 10 rebounds. No. 3 Arkansas 121, Centena-

zorbacks cruised. But forward. Connecticut learned that Scotty Thurman left the game-even early Big East games in the first half with what ap-Darnell Robinson scored a career-high 24 points for the de

fending national champions. No. 8 Arizona 96, Florida State 78: In Tucson, Arizona, Damon Stoudamire had 25 points and 12 assists to lead the. Wildcats, who shot 64 percent in the second half. Florida State's Bob Sura and James. Collins were held to 15 and 12: points in the Seminoles' first, oss of the season.

No. 9 Duke 103, George' Washington 73: In Durham, North Carolina, the Blue Devils had this one wrapped up by. halftime with a 30-point lead. Duke, which made il of its 13; shots in the first 61/2 minutes, was led by Cherokee Parks's ca-

rear-high 29 points.
No. 14 Wisconsin 69, Valparaise 51: In Madison, Wisconsin, Michael Finley had 28
points, including the Badgers first 11 of the game. Valparaiso, playing without its injured leading scorer, Dave Redmon, trailed just 54-50 with 7:15 to play, but Wisconsin closed the game with a 15-1 run.

No. 19 Syracuse 83, Misani 65: In Miami, John Wallace was 11-for-13 from the field, scored 23 points and grabbed 10 rebounds as the Orangemen handed the Hurricanes their 21st consecutive Big East loss in the conference opener for both. Constantin Popa had 17 points and 13 rebounds for Miami

Vanderbilt 70, No. 20 Virginia 65: In Nashville, Tennessee, the Commodores barely hung on points, while had Ray Allen 14. after leading by as many as 19 Danya Abrams carried the Eappoints. Vanderbilt shot 26 percent (5-for-19) in the second half and didn't score from the' field in the final 12:29. Ronnie. ry 94: In Fayetteville, Arkan- McMahan and Frank Seckar sas, Clint McDaniel had five each had 23 points for Vanderpoints, three assists and two steals in a 19-0 run as the Ra-Cavaliers with 16 points.

Mediator Sides With Players

Special mediator William J. Usery came down on the side of the striking baseball players Tuesday at the executive board meeting of the players' union in Atlanta. He urged owners to give up their revised plans to implement the salary cap on Dec. 15. What appears to be the final attempt to reach a negotiated settlement begins Friday or Saturday in Rye Brook, New York.

The U.S. Congress may also be ready to rejoin the fray. A Dec. 2 letter sent to both factions and signed by Senator Connie Mack of Florida, Senator John McCain of Arizona and Senator-elect Jon Kyl of Arizona, said: "If this dispute is not resolved in a timely manner, we will have no choice but to move forward with the consideration of an appropriate legislative remedy, in addition to reserving our right to address the [sport's] antitrust exemption — a benefit that was predicated on baseball's unique standing and the goodwill and accountability of its stewards."

Meanwhile, talks between National Hockey League owners and players representatives broke down Tuesday, with both sides agreeing only that prospects are slim for saving the season.
"We've given them everything they wanted," said Mike Gartner, the NHL Players Association president. "We've made a tremendous amount of concessions." NHL commissioner Gary Bettman said the sides were "too far apart on substance."

SCOREBOARD

NBA Standings EASTERN CONFERENCE

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Seattle LA Lakers

Defroit 16 23 17 24—83 Indiana 27 17 22 22—90 D: Mills 6-7 0-0 16, CLAMiller 6-10 1-2 13J 1: Pct .688 .600 .586 .571 .467 .176 D.Dovis 8-15 3-8 19. R.Antiler 5-10 6-7 18. Re-bounds-Detroit 46 (Hiti, D.Miller 7), Indiana 65 (D.Davis, McKey 11). Assists—Detroit 28 (Q.Miller 5), Indiana 21 (Jackson 7). ,686 ,686 ,625 ,533 ,500 M: West 11-16 2-3 25, Rider 8-17 4-5 23, Re-bounds—Deriver 44 (B.Williams 13), Missesso-

Houston 38 21 17 22— 90 Sectric 25 36 32 19—163 H: Thorne 9-153-521, Maxwell 7-19-3-420; S: Paylon 14-21 0-0 30, Ankew 7-8 5-5 19, Rehumuls—Houston 4a (Horry 10), Sectile 3a (Kerns 9), Assisto—Houston 18 (Cosnell 7), Sectile 2a (Poylon 8),

| 12), New Jersey 22 (Anderson 11), | Charlotte | 23 21 25 24—106 |
| Orloade | 42 26 24 28—114 | Utoh | 24 22 28 26—17 |
| Cleveland | 24 26 27 26—17 | C: Johnson 8-12 P-10 26. Corry 6-12 1-7 19; U: Benoit 4-15 5-5 18. Motions 9-20 12-17 31. Reheaved 6-10 1-1 14. Reheaved 6-Orloado 47 (Grant 10), Cleveland 47 (Cose 9), Assists—Orloado 32 (Spencer 13). Assists—Charlotte 22 (Bogues 7), Utoh 21 (Stockton 18).

LA Lobers 34 25 30 22-413 G: Serewell 7-21 5-7 20, Hordowoy 7-12 5-6 23; L: Ceballos 17-23 2-2 28, Van Exel 7-16 2-5 20. Rebounds—Golden State 51 (Ropers 91, Los Angeles 72 (Divoc 14), Assists—Golden State 28

7 7 .500 9 16 .000

TUESDAY'S GAMES

erson 6), Cleveland 24 (Price 8).

26 30 10 27-- 95 33 23 25 27--108 12-25 6-8 31, Conton 7-11 1-3 15/ 12-2 22, Williams 5-14 10-11 20. Reboords—Milwoukee 53 (Conion 12). Socramento 25 (Polynice 16). Asi 16 (Murdock 5), Socramen

Major College Scores

Army 77, Monmouth, N.J., 76 Connecticut 74, Beston Colleg Holy Cross 75, Hervard 48 Penn St. 84, Nd.-E, Shore 55 St. Joseph's 78, Rutuers 52 St. Peter's 72, Long Island U. 61 Vermont 82, American U. 80

SOUTH Alc.-Birmingham 91, Jockson St. 87
Compbell 74. East Caroline 56
Duke 103, George Wostington 73
George Moson 98, N. Carolina A&T 99, 20T
Jacksonville 71, South Fjorida 70
LSU 113, Tray St. 78
Liberty 86, Jonnes Modison 80
Morshodi 88, E. Kentucky 71
Middle Tenn. 72, Akc.-Huntsville 50
Miss, Volley St. 89, Delty St. 78
Syroques 83, Miomi, 65
Vonderbilt 78, Virginia 45
Windhron 78, Chadel 74

Brudley 80, DePoul 68 Cent, Michigan 82, Mich-Dealindiano St. 70, Orol Roberts

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Arkansas 721, Centenary 94 Okiohama 87, Southern Melit, 68 Texas-El Paso 77, New Mexico St. 88 Texas-San Antonia 87, Angelo St. 81

Arteona % Florida \$t. 78 Artzona 94, Florida 34, 78
Brighom Young 74, Mississippi St. 64,
CS Northridge 64, Long Beach St. 58
Colorado 25, Wyoming 69
Gonzona 64, John 58
New Maxico 110, E. New Maxica 49
Southern Cal 93, Sucramenta 51, 54
St. Mory's, Cal, 77, San Jose 51, 64
UC Santa Borbara 79, Papperdine 63

C-OLEMPIA

UEFA Cup Results

THIRD ROUND, SECOND LEG

Scorers: Pedersen (7(st), Bisgoord (90 Won 43 on oppressie. Sover Levertuses 4, Kolovice 9 Scorers: Bernd Schuster (11th), Andrec Thom (13th), Helko Scholz (15th), Puvel Hi

Leverkusen won 8-1 on 009

OF YIRTUE THAT'S YOU

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TO NORRY ABOUT, OF Parmo 4. Americ Bibbo 2 Scorers: Parmo — Giomironco Zolo (Zist), Dino Bossio (37th. 47th), Fernando Cauta (35th); Athletic Bibbo — Geory Yoles (56th),

Berussia Derhaund 2, Departivo Cerusa I (offer extra films) Scorers: Darimund — Michael Zara (50hn) Korthelas Riedle (115th) Lors Rickej (116th); Departivo — Alfrado Santoelenc

(182d),
Doctriund won 3-2 on osgregate,
Juvenius 3, Admira Wocker 1
Scorers: Juvenius — Circ Ferrora (17th),
Glaniuca Vialli (20th), Admira — Gerd Winn-Glanksco Violii (Seth); Admiro — 6 mer (73d), Juventus won 5-2 on oppresone. Lania Z Treb

Lanig 7, Trabuseppor 7 Scorers; Lazio — Roberto Crovero (25th), Marco Di Volo (75th); Trabusepor — Boz oner (73d). Laxig won 42 on appressite.

DUTCH FIRST DIVISION PSV Eindhoven 2, RKC Woolwijk 2 Standings: Roda JC Kerkrade 24 points, Ajax Amsterdam 25, PSV Eindhoven 21, Twente Enschede 21, Feyonoord Rutherdom 17, Willem II Tiburg 16, Vitesso Amberta 16,

13. Granispen 12. NAC Brode 12. Volendom 12. Sporte Retterdum 11. MEC Nitmegen 10, RKC Woohe/jk 10. GA Engles 7. Dordrecht 70 & CRICKET

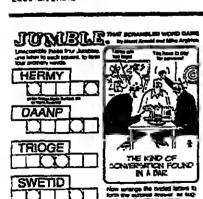
South Africa vs. New Zeoload Twentry, in Case Town ith Africa Lanjage: 2024 (50 overs) w Zeoload (milian: 124 (all out 37.5 overs)

att: South Africa won by 69 runs.

DENNIS THE MENACE



IT'S TIME TO TAKE RUFF "SEE ? I TOLD YOU OL' RUFF CAN SPELL." BOOGTER SHOTE



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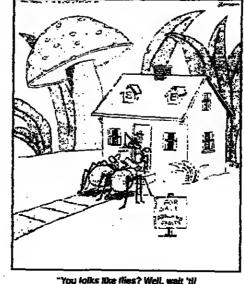
GARFIELD FILTHY, DISGUSTING, SOME DIRTY, ROTTEN.











RIGHT! BUT SEE, THERE ARE CERTAIN THINGS A AN INCONTINENT IF I WAS GOOD KID COULD DO THAT MIGHT LOOK BAD IN A TOAD IN YOUR MON'S SHEATER CERTAIN LIGHT, IF ONE DIDN'T CONSIDER ALL THE DRAWER? MITHEATING CIRCUMSTANCES

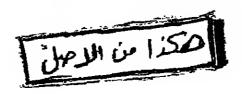


BLONDIE

UPSET









END OF THE LINE — Stefan Edberg struggled — and lost — to fellow Swede and Davis Cup teammate Magnus Larsson in the first round of the Grand Slam Cup in Munich. Larsson won the match, 6-4, 6-7 (7-9), 8-6, and had 23 aces to Edberg's 6. In other matches, Andre Agassi beat Thomas Muster of Austria, 6-3, 7-5, and Todd Martin of the United States beat Karel Novacek of the Czech Republic, 7-6 (7-5), 6-4. The winners advance to the quarterfinals.

A 2d Chinese Swimmer Is Suspended

LONDON (AP) — Chinese swimmer Lu Bin, who won four involving Ln. She was among seven Chinese swimmers who record at the Asian Games, has also tested positive for dehydrobeen suspended for two years for failing a drug test, the inter-national swimming federation, FINA, said Wednesday.

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The federation's secretary, Gunnar Werner, said Lu tested positive for the banned substance dehydrotestosterone in a random out-of-competitioo sampling Sept. 30 before the start of October's Asian Games in Hiroshima, Japan.

testosterone during the Games. Lu was the second Chinese

woman to fail a pre-Games test. The other was Yang Aihua, the world 400-meter freestyle champion, who tested positive for testosterone and was recently suspended by the federation for two years.

The suspensions will keep the two swimmers out of the 1996

among 11 Chinese athletes, including seven swimmers, who failed doping tests during the Asian Games. Federation officials, however, said Lu and Yang will be sanctioned for

only one positive test.
The federation said it was asking the Chinese swimming recognized. federation to investigate how Lu obtained the illegal sub-

At the World Championships in Rome in September, Lu won

Both Ln and Yang were also individual medley, two golds in mong 11 Chinese athletes, in-relays and two silvers in the 100 and 200 freestyle. At the Asian Games, Lu cap-

tured four golds and two silvers and set a world record in the 200 individual medley. FINA officials said Wednesday that Lu's world record will not be

However, Lu and Yang's performances at the World Championships will stand because ssed drug tests in Rome and FINA does not impose ret-

Drugs and the Chinese Sports Machine

By Steven Mufson

nese Communist Party promoted a disastrous program of economic growth under only a few misguided individuals took only a few misguided individuals took It might have been the slogan for the

1994 Chinese swim team. In both the "Great Leap Forward" of the '50s and the great splash forward of the '90s, the initial appearance of success was too good to be true

Last week, Japanese drug testers who took urine samples at the Asian Games in Hiroshima in early October found that II Chinese athletes had tested positive for drugs, including seven top Chinese swim-mers. Among them: swimming sensation Lu Bin, who won four gold and two silver medals in Hiroshima, and world champion swimmer Yang Aihua, now banned for two years. In all, China will be stripped of 22

medals won at the Asian games. The reaction here to the news has been a cycle of denial, recrimination and righteous indignation. The initial responses in China to the news from Japan went something like this:

 The test results from the Asian Games were premature and wouldn't be confirmed. The accusations were motivated by jealousy and racism, sports officials said. • The tests were part of a Japanese plot.

There's plenty of bad feeling in China toward Japan, which invaded China in the 1930s. The Beijing Youth Daily initially tried to cast doubt on the drug test results

10 60's singer

14 Bellicose delh 15 Patti LuPone

18 On the road

ACROSS

s Underwate

BEIJING - In the late 1950s, the Chi-up to second place from third place among among other national teams.

• The test results were accurate, but drugs. Taking drugs to excel at sports is not national policy, officials say, and the Chinese sports machine is still an awesome

power in international competition. A lot is at stake here. Like many other countries, China has integrated national

NEWS ANALYSIS

pride with the performance of top athletes. As a result, producing champion athletes and China's push last year to bring the 2000 Olympie Games to Beijing becomes a matter of national mobilization.

It is part of a drive by a China trying to reassert what it regards as its rightful place as a world power in economics, politics, nuclear weapons and sports. And although the government is expending a lot of effort on gaining admission to the General Agreement on Tariffs and Trade, swimming times also have high priority.

However, even after the Chinese Olympic Committee's admission that the athletes did indeed take drugs, a key question still lingered: Who is responsible? Was this a case comparable to the former East Germany, where taking drugs to enhance athletic prowess was part of a national cam-

The use of former East German coaches by China's swimming team and the incred-nance and politics.

by noting that by eliminating so many ible number of athletes to test positive at Chinese medal winners, Japan would move one event certainly raises suspicions

> The question of responsibility in China has always been a tricky one.

Here, China's political history, like its old slogan, may be applicable. In the Great Leap Forward, Mao Zedong set overall policy goals and everyone from central planners to peasants tried to fill his unrealistic expectations, even if that mean wild exaggeration.

Later, when rural and industrial output estimates were slashed by a third or more. it was not clear who was responsible: Mao, or everyone beneath him.

Similarly, in official versions of China's Great Proletarian Cultural Revolution that started in 1966, blame is apportioned only gingerly. Mao made some mistakes, it's generally said, but he was a great man. A handful of people misguided him.

As for the thousands and millions of individuals who carried out inhumane actions in mob violence during that time, very few people talk about a sense of responsibility.

There is enough responsibility to go around, regardless of whether taking drugs was part of the team's plan. And without a clearer sense of responsibility - both on the part of the country's leaders and on the part of ordinary individuals who must carry out the orders of leaders - China is destined to more scandals in sports, fi-

Weah Leads PSG in Rout of Spartak

Compiled by Our Staff From Dispatches George Weah was the bero as Paris-St. Germain completed a Champions' League grand slam by drubbing Spartak Moscow 4-1 on Wednesday.

The big Liherian striker scored two brilliant individual goals and laid on a third for

EUROPEAN SOCCER

David Ginola as the French champions, playing at home, made it six wins out of six in Group B.

Brazilian midfielder Rai grabbed the fourth in a pulsating performance that showed the Parisians have serious ambitions to become Europeao champions in May.

Spartak substitute Sergei Rodionov got a consolation goal for the overwhelmed Russians shortly after Valeri Kechioov had squandered a penalty, blazing his spot-kick wide.

Ajax Amsterdam 2, AEK Athens 0: In Amsterdam, two goals from midfielder Tarik Oulida carned Ajax a comfortable victory and sealed the Duteb cluh's unbeaten ruo io the

Champions' League. Ajax had already secured the top place in Group D. It was the second double in the group for Ajax, which had twice beaten

AC Milan earlier in the series. Ajax, unbeaten in all competitions this season, opened the scoring in the seventh minute when winger Marc Overmars crossed for Finnish striker Jari Litmanen to tee the ball up for Oulida, who beat goalkeeper Elios Atmatsidis with a right-

Oulida, a Dutch-Moroccan who is back after a long injury absence, was oo target again late in the second half to round off a muted Ajax performance. pouncing on a loose ball to slot

home from close range. AC Milan L, Salzburg 0: Titleholders AC Milan secured a place in the quarterfinals of the European Cup as it traveled to Vienna and woo with a solitary goal from Daniele Massaro.

The Italian striker found the net after 29 minutes to ensure that the Italian champions kept alive their hopes of a fourth final appearance in six years.

Milan, beaten hy Velez Sars-field of Argentina in the Inter-Cootinental Clob champiooship last week, overcame jet lag

with some style.

Benfica 1, Anderlecht 1: Silva Edilson scored seven minutes from the final whistle to give Benfica a hard-fought draw and preserve its unbeaten record in a Group C match.

Portugal's Benfica was already certain of winning the group and qualifying for the European Cup quarterfinals, while Belgium's Anderlecht was already out of contention.

Veteran Duteb defender Graeme Rutjes scored from close range in a goalmouth scramble four minutes after the interval to give Anderlecht a 1-0

the 83d minute, oetting from

Bayern Munich 4, Dynamo Kiev I: In Kiev, much-troubled Bayern Munich finally lived up behind to thrash Dynamo Kiev na, who drew 1-1.

in the 38th minute of the Group ons' League matches, Barcelona B match, but Christian Nerlinger scored a fine equalizer and striker Jean-Pierre Papin

wrapped up victory with two second-half goals. Substitute Mehmet Scholl added a fourth. Barcelona 1, IFK Gothenburg 1: Barcelona, playing at home, elinched the single point it

needed to go through to the European Cup quarterfinals with a draw. The Spanish champions took the lead with a goal by captain Jose Bakero with just eight min-

utes left in their Group A match. Sweden's Gothenburg looked to be heading for its first defeat of this season's competition, but Stefan Rehn found a chink

in the Catalan defense to equalize with seconds left. The draw left Gothenburg as group winner by three points

from Barcelona and England's Manchester United.

Manchester United 4, Galatasaray 0: Manchester United scored an emphatic but ultimately hollow victory as its slim bopes of reaching the European Cup quarterfinals disappeared at Old Trafford.

United, with seven first team regulars missing through injury But Edilson put the former or suspension, played superbly European titleholders level in in the Group A match to beat the Turks for the first time in

four meetings.
But United missed out on a place in the last eight after finishing third in Group A behind to its potential, coming from IFK Gothenburg and Barcelo-

and secure a place in the quar-ter-finals of the European Cup. lona both finished with six The Germans went 1-0 down points from their six Champigoes through because it drew 2-2 with United in England and beat it 4-0 at home.

United could have advanced only if Barcelona had lost to

Gothenburg. Steam Buchurest 4, Hajduk Split 1: Striker Adrian Ilie scored two of three goals in the opening 33 minutes to lead Steaua Bucharest to a victory in a Group C match.

Despite the defeat and Steaua's effective combination play, Croatia's Hajduk has already secured the quarterfinals

in the Champions League.
Playing Split's Poljud stadium, Steaua went on the attack from the start, forcing Hajduk goalie Nenad Slavica to make at least two key saves on shots by strikers Damian Militaru and

Io the 11th minute, Ilie scored his first goal with a pow-erful shot at the ball passed to him from the left by Steaua veteran striker Marius Lacatus. In the 23d minute. Lacams found the oet to put Steaua ahead. Ilie again scored in the 33d minute from just a half-meter out.

(Reuters, AP) In a UEFA Cup match played

Eintracht Frankfurt scored a second-leg 1-0 victory on the road against Napoli to clinch a berth in the UEFA Cup quarerfinals, Reuters reported.

The victory at Naples' San Paolo stadium added to a 1-0 first-leg win and qualified the

Ramos Weighs Risk on Soccer Field

LONDON - He will be running alone or training with his teammates. He will be losing himself blissfully in his work and that's when his head begins to ache again, at the top of the skull, directly above the injury. It grabs Tah Ramos like a hand on his shoulder.

He talks himself through it. The doctors have said it is fine for him to be playing SOCCET

again; Jan though there was Thomsen the one doctor. . . hut be talks himself out of thinking such things and he gets oo with it.

Only it's oot the joy it used to be. "One doctor said to me that if I was boxer, he would tell me to retire," Ramos said the other day by telephone from Spain. "I was told that if I get hit hard in the head in the same place, there is a possibility of my right side becoming numb. If that's the case, then it's not worth

He has received other opinions from enough doctors who believe he can play without such risk. It's an uncomfortable time for him. He wants to forget all about it except for those rare dangerous moments when he wants to be aware. He wants to return to his outrageous ways and at the same time play carefully. There must be a way to do that. He probably would prefer to decide his course privately, but his job doesn't allow privacy. He knows be has achieved a certain celebrity for the way he was injured last summer.

The host U.S. team had qualified for the second round of the World Cup against eventual champioo Brazil on July 4, the American Independence Day. For the first half Ramos was the best American player on the field. He had been frustrated by tactics in the first-round matches, but now he was cootrolling the ball when the Amer-

Maradona Resigns as Club's Coach

BUENOS AIRES, Argentina (AP) — Diego Maradona, his

game and "said things he should not have said." Maradona did not elaborate. Mandiyu is 1-5-5 since Maradona became coach

Sept. 9. The team is based in Corrientes, 1,075 kilometers (670

SIDELINES

were vastly superior, but what little American spunk there was came from Ramos. Near the end of the half he was contesting with the Brazilian Leopardo. Ramos grabbed his shirt and Leonardo responded with an elbow. Then Ramos beard the sound of a train passing by.

"Maybe I was unconscious for just a second," Ramos said. "When I hit the ground I realized where I was and what had happened. So many things were going through my mind just in those seconds. I was like, oh, God, I can't move my legs and my arms, what's my wife going to do with

He has seen himself on the vidcotape writhing and shaking on the ground, so he four seconds. He has memorized the replay after dozens of viewings, which probably has the awkward effect of forcing him to see himself as others saw him. He has shared in their experience of his accident. When he notices people watching him play, people who obviously remember the slowmotion impact of the elbow and the stretcher carrying him to the ambulance, does it not replay the dreadful images in his own mind? He probably would be better off if there hadn't been any television.

"It's the idea of knowing that's something wrong with your brain," be said.
"That was the reason I had to stay in the hospital, because there was blood in my brain from the blow, and if it hadn't cleared up they would have had to go in and operate." Leonardo visited him in the hospital,

crying and sorry. Leonardo was banned from the rest of the World Cup, and Ramos believes the video shows that the elbow was intentional. Yet he does not seem to hlame his opponent for the fracture of his skull above the car and all of the ensuing dilemmas, for Ramos admittedly has thrown such elbows. Neither does he appear to feel pity for

icans could bold onto it. The Brazilians himself. He returned to Spain in mid-Au-

gust with his wife, Amy, to find that his club of three years, Real Betis, had taken on seven foreign players, all of them capped by their countries. Only three can play at one time. He has spent most of the time recovering and regaining fitness, but the opportunity to prove some things to himself on the field has been delayed hy the success of his club, ranked fifth in the first division after earning promotion last spring. At most, Ramos has played one half against a second-division team. In one sense these things happen all the

time, be says — players are always losing and regaining their positions. The signing period reopens in two weeks and be will look for a new team or at least a chance to knows he recovered his senses in three or play on loan. He has already turned down offers to move to the Spanish second division, or to Portugal. Wouldn't he be playing if oot for his injury? He says the bigger issue is how he chooses to respond. He has done as much as be can to recover without playing. The final recovery can happen only on the field. All injured players have to decide how they're going to play again.

Ramos recovered from knee surgery in 1993. He said, "We're not talking about a knee injury, where you say the knee still hurts but I still have to go out and do my best and take my chances, and if the knee's going to blow out, it's going to blow out. We're talking about my head. It's oot the kind of thing I'm going to completely for-

"Tve done some headers in practice, and it feels O.K. But whenever we get in a defensive wall, I'm going to try not to be in it, because if the ball's coming straight at my head, I might try to duck."

At 28, with the experience of two World Cups behind him, he ought to be peaking. He still might. He says he has grown up overnight and maybe he will be a better player for it. But there are times, he admits, when he bends down for a pen or an envelope that has fallen underneath a table, and standing up he flinches.

CROSSWORD

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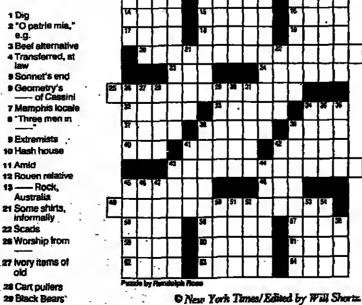
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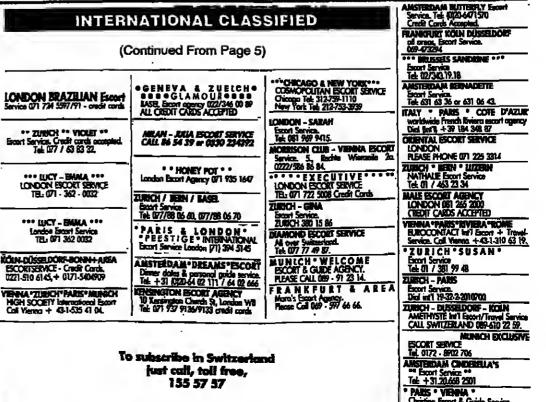
governing body, after testing positive for a hanned stimulant during last summer's World Cup in the United States.

team in danger of being relegated to the second division, resigned Tuesday as coach of the Argentine soccer club Deportivo Mandiyu, citing problems with the team president. Maradona, speaking a news conference, said club president Roberto Cruz came to the dressing room after last Saturday's All-Women Crew to Face Conner

SAN DIEGO (AP) — America 3's historic all-women sailing team will face Dennis Conner in the first race of the first round

robin of the America's Cup defender trials on Jan. 12.

The Maine-based PACT 95 will debut on Jan. 13 in a race against Conner, and America3 will sail against PACT 95 on Jan. 14. The nine-race first round continues through Jan. 20. Conner has won the America's Cup three times and lost it once. America3 Maradona, 34, is banned from playing by FIFA, world soccer's defended the Cup in 1992 with a male crew.



The Sizzling Speaker

WASHINGTON — Newt Gingrich is not only going to be the speaker of the House, he could also become a sizzling fiction writer. This means that the country will be getting a

In his latest book he describes a beautiful spy in a

steamy scene with the White House chief of staff. Excerpt:

"Suddenly the pouting sex kitten became Diana the huntress — she him and some-

rolled onto Buchwald how was sitting athwart his chest, her knees pinning his shoulders. "Tell me or I'll do terrible things,' she

been writing a fiction book on a speaker of the House who gets seduced by his own manipulation and becomes a sex slave to his amhition.

I haven't finished the entire first draft yet, but I have completed several of the hot scenes that will help sell the book.

"The speaker walked into the bathroom of his private office and looked in the mirror. He liked what he saw. 'I have a contract with America,' he said. 'And I will seduce her with persuasion or whatever else it

Stolen Vases Recovered By the Vatican Museum

VATICAN CITY — Three ancient Greek vases stolen from the Vatican Museum last June you? have been recovered, the museum said Wednesday.

Italian police gave no further

whisper in his ear, 'Don't stop, don't stop, please don't stop.

"The speaker combed his curly silver hair. He liked what he saw. 'I'm in favor of family values, but at the same time I would love to ravage the welfare system and violate every government program inside the

"The female voice whispered, 'Is it as good for you as it is for

"Newt took off his shirt and studied the hair on his chest. In January they would all know what kind of man he really was. He examined the rippling muscles in his arms, dreaming of how deep they would slash the budget. He liked what he saw.

"'If I don't get prayer hack in the public schools, I will walk out of the House forever."

"The voice cried, 'Don't leave It so happens that I have me like this. You're the only one I've ever loved. Besides, I want your hahy.'

"Newt grinned. You can have it because I'm going to pass a constitutional amendment forbidding all abortion. You can always put it in an orphanage.'

"The speaker said to the mirror, 'Do you think that I will be criticized for writing soft porn? "He answered his own ques-

tion: 'It doesn't matter what they think. As speaker I am top "Newt took a freshly pressed suit from his closet and put it

The female voice cried. Will you come back? Soon. I have to make love to the NRA people so that we can get shameless pleasure from

gutting the crime bill. "'I never felt this way about anyone before,' she said hreathlessly. 'Did the Earth move for

" 'It did. Which reminds me I have to do something about the Environmental Protection

'Disclosure': Really, They Say, It's Just a Movie

By Bernard Weinraub New York Times Service

OS ANGELES — The fact that L Hollywood's first high-profile film about sexual harassment involves a woman harassing a man leaves its creators and stars uneasy and a bit defensive.

"We're making a movie, not an issue," said Michael Douglas, a star of "Disclosure," the adaptation of the Michael Crichton suspense thriller about corporate intrigue and sexual politics, which open Friday in the United States. "It's really about the use of harassment as a tool for power. And it's very effective in terms of allowing people to look at the issue from the other side."

"Disclosure," which is directed hy Barry Levinson, also stars Demi Moore as an ambitious and venal corporate executive on the rise and Donald Sutherland as her boss in a cutting-edge computer company.

The plot involves a married Seattle executive, played by Douglas, whose expectation of a promotion is shattered when he's passed over in favor of a cool, smart and ferociously ambitious executive (played by Moore) from the company's Silicon Valley headquarters. Ten years earlier, the two had had an affair.

When the Moore character aggressively seeks to resume the affair, and is rejected, she promptly charges him with sexual harassment and seeks to destroy him. The film was adapted by Paul Attanasio, the screenwriter for "Quiz Show," who has turned it into a high-tech suspense thriller, complete with a virtual-reality sequence.

For Levinson, the Academy Award-winning director (for "Rain Man,"), the film is clearly an effort to take on a commercial, star-driven venture and get his career back on track after such recent high-profile flops as "Toys" and "Jimmy Hollywood."

For Douglas, the movie presents yet one more role in a highly success-ful career in which he depicts ordinary men in extraordinary situations. ("Actually I did some of this role in 'Fatal Attraction," he said, "But

that was 10 years ago.")
And for Moore, the role of Mer-



Director Barry Levinson (center) with Demi Moore and Michael Douglas, the stars of "Disclosure."

edith Johnson in "Disclosure" serves as a potential hreakthrough into the

came pregnant and dropped out.
"In truth, I was terrified," Moore said. "Her nature is so different than mine," she said of the character she plays. "I didn't want to make her stereotypical. I didn't want to fall into the obvious trap of evil seductress. It's such a rich part: the complexities are endless. And in the end,

she's prohably a lot smarter than most of the people around her and I top echelon of movie stars. Moore think really good at her joh. We all got the part after Annette Bening know women and men like this. Manipulative. Dishonest. She enjoys pushing huttons and watching people's discomfort. She's not out to hurt anybody as long as nothing gets

in her way. Moore said the sexual harassment issue, and the male-female reversal in the movie, deepened the film's highspeed plot.

male reversal fascinated him. "Somehow if you flip the roles, you have to pay attention," he said. "The film was a way to look at all of this in a fresh light and see how difficult it is for anybody to say, 'I have a problem; this is what happened. And knowing how dangerous it is for your life and reputation. Acknowledging that "Disclosure" had become more of a thriller than

Levinson said over breakfast one morning recently that the male-fe-

an exploration of sexual politics, he said: "It's not a polemic; it's not the definitive film on sexual harassment. If that's what someone wants, they'll have to look else where."

The film is considered to have some of the best women's roles in years, however, including the performance of a New York-based actress, Roma Maffia, as Douglas's lawyer.

As to Moore's character, Levinson said: "Some people look on her as a villain-villain. And I thought, Wait a minute.' If this was a movie about a man harassing a woman, we'd never look on the guy in the same way. He wouldn't be such a viliain. There are some cutthroat business executives out there. The fact that a woman does it makes her even more villam-

The often tangled relations between men and women have been central to most of Levinson's films. which included "Diner," "Tin Men," 'Good Morning Vietnam" and "Bugsy."

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SECTION SERVICES

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"The whole struggle between men and women, the struggle to understand one another, the frustration we have with one another have been themes in pretty much everything I've ever done," Levinson said.

As to Douglas, the role of Tom Sanders in "Disclosure" is one more part in which the actor plays a moreor-less average man caught up with beautiful, dangerous women, from Glenn Close ("Fatal Attraction") to Sharon Stone ("Basic Instinet") to Moore. Tough work, but somebody's got to be the victim.

sexual politics; last month, for in-"The part was pretty close to me," he said in a telephone interview. "I was released, hut it is the first highcould be that person. I didn't have to profile movie with big stars to try to put on a mask."

WEATHER

Forecast for Friday through Sunday, as provided by Accu-Weather. 19/84 8/46 8/46 8/46 14/57 17/52 8/46 6/46 7/44 5/46 9/46 7/44 13/59 8/47 North America Europe Europe Windy, well weather will stretch from Englend to Balic Sea areas through the weekend. Some showers will move into France and Germany, especially Friday and perhaps again Sunday, Generally dry weather will prevail along the Meddlerrancan coastil mass from Soak to NOTH AMERICA Now York and Washington, D.C., will be dry and chilly Friday. Some rain is likely Saturday: it may and as snow or illurries Sunday. Toronto and Chicago will have rain or snow Friday into Saturday lollowed by dry and cold weather Sunday. Dry weather is likely innuch the Owlo Palma Pagna Pagna Pragapa Pragapa Pragapa Pragapa Pragapa St. Paterrata Stockhodm Strashodm Strashodm Ventos Ventos Ventos Ventos Ventos Ventos Ventos Ventos Ventos 2/63 pc 3/37 sh -2/29 sh -1/31 t 9/48 pc -2/28 sh 1/34 sh -2/29 pc 6/43 sh 1/34 sh Middla East

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B AD news for the lamon Loni An-AD news for the tahloid press: Burt derson is over. After two tense days in court, Reynolds has agreed to pay his exwife an undisclosed amount of monthly child support for their adopted 6-year-old son, Quinton. "This saga is over. Let's put it to bed. I'm very happy we were able to sell papers for a year," Reynolds said of their messy separation and divorce. Outside the courthouse, Reynolds and Anderson warmly embraced. Reynolds, 58, got the \$4 million ranch in Florida and a \$2 million waterfront mansion. Anderson, 48, got \$2 million over five years to pay for her new home and \$11,000 a month in alimony.

day de uns cedu bird has been auctioned off. The Maltese falcon, the central prop in the classic 1941 movie, was bought for \$398,500 by Ronald Winston, president of Harry Winston jewclers in New York. The object is about a foot (30 centimeters) high and weighs about 50 pounds (22 kilograms). . . . Separately, an unidentified American collector has paid \$550,000 for the hunting rifle that Theodore Roosevelt took with him on



"This is a dynamic way of dealing with a volatile issue," she said. "The

fact that the roles are switched pro-

vides us, I think, with a certain

heightened sensitivity and awareness

film to deal with harassment and

stance, David Mamet's "Oleanna'

PEOPLE

"Disclosure" is hardly the first

of this issue."

Anderson and Reynolds leaving court.

specifications by the London gunmaker Holland & Holland for the former president's 1909-10 safari. The rifle, auctioned

in San Francisco, has been called perhaps the finest ever made.

Prince Andrew has invited his estranged wife, the Duchess of York, to move back into their marital home while she is looking for new quarters after her rented house is sold, a British tabloid says. The Sun said Queen Elizabeth's second son was still hoping for a reconciliation with his wife.

Sylvester Stalione and Arnold Schwarzenegger are molly-coddled wimps, afraid to do their own stunts, says Jackie Chan, the Hong Kong movie star. "I don't use stunt men," said Chan, 40, who has hroken 20 bones leaping from speeding cars and diving from buildings in his action films.

Spike Lee, the director whose movies include "Malcolm X." has become a father for the first time. His wife, Tonya Lewis, a Washington lawyer, has given birth to a 2.9 kilogram (6.5-pound) daughter named Satchel. Lee is currently working on a movie about Jackie Robinson, major league haseball's first black player. On becoming a father? "i'm still at a loss for

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